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REPORT

OF THE

RAILWAY POSTAL SERVICE

COMMISSIONERS.

PRESENTED TO BOTH HOUSES OF PARLIAMENT BY ORDER OF
HIS EXCELLENCY THE GOVERNOR GENERAL.



QUEBEC,
PRINTED BY GEORGE E. DESBARATS,

1885.



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REPORT.

TO HIS EXCELLENCY THE RIGHT HONORABLE CHARLES STANLEY,
VISCOUNT MONCK, GOVERNOR GENERAL OF BRITISH NORTH
AMERICA, &c., &c., &c.

MAY IT PLEASE YOUR EXCELLENCY :—

The Commissioners appointed to enquire into the payments to be made for “ Postal Service by Railway ” beg to lay before Your Excellency their Report, together with the minutes of their proceedings ; and, appended thereto, the Claims made on behalf of the several Railway Companies,—the Replies thereto by the Deputy Postmaster General,—and the Evidence taken under the Commission.

The Commissioners are directed to inquire :—

First.—Into the adequacy of payment provided for the Postal Service by Railway, from the day of the date of an Order of the Executive Council of the 18th day of September, 1858, up to the passage of an Order of the said Council of the 12th day of August 1863, in the case of the Grand Trunk Railway, and of any other Railways which may have formally protested against the sum allowed by the order of 1858, as insufficient ;

Secondly.—Into the adequacy of the payments allowed under the said Order in Council of the 12th day of August 1863, up to the 14th day of November, 1864, and,

Thirdly.—Into the amount which should be allowed during the period of three years commencing from the 14th day of November, 1864, for Postal Service, either as the same is now performed, or with agreements for Special Service, or with agreements for Side Service, or with any other changes required by the Post Office Department for the benefit of the Public Service.

The Deputy Postmaster General in concluding his reply to the case submitted to the Commissioners by the Grand Trunk Railway Company, said: “ The Postal rate should be in the shape of a Tariff of so much per train mile for the appropriation to the Post Office of such space as it requires in the ordinary

Passenger trains—the rate being fixed for a certain specific extent of space, so many feet in the length of the Car by the whole width—with a provision that, if the Post Office takes more or less than that extent of space, the rate will increase or diminish in like proportion.”

“The tariff, to be comprehensive, should (like the Order in Council of September 1858, which in that respect remains in force as regards all Railways) make a provision for the payment of a certain rate per cwt. per train mile, for the mail bags sent in charge of a Railway Company’s servants as ordinary baggage, without any special appropriation of space.

“The Department has not considered it desirable that what is known as the Side Service, for the conveyance of the mails by stage, horse or foot messenger, between the Railway Stations and the neighbouring Post Offices, should be entrusted to the Railways. The Post Office would prefer to retain a direct supervision over the performance of that, as of all other descriptions of ordinary Mail contract Service.”

The language of the Commission being ambiguous, and the Memorandum of the Deputy Postmaster General appearing to conflict with the views of the Government as expressed in the Order in Council of the 12th of August, 1863, the Commissioners found it necessary to apply to the Postmaster General for instructions, and they caused a letter to be addressed to him on the 11th of February, 1865, begging to be informed whether it was the intention of Her Majesty’s Government that they should confine themselves to fixing a rate for the use of *ordinary trains*, or should fix a rate for *continuous service*, as was done by the Order in Council of August 1863.

In reply to that letter the Commissioners were furnished with a Minute of the Executive Council, dated the 16th March, 1865, approving a memorandum in which the Postmaster General submitted, that: “the views of the Post Office Department as to the description of Railway Postal Service for which the Postmaster General considered it to be desirable that the Commission should fix a value, had been given to the Commissioners in the Post Office Memorandum laid before them by the Deputy Postmaster General, and that the Department adhered to those views, but did not propose to recommend that the Government should limit the Commissioners in coming to any decision on the subject of the Railway postal rate, within the powers granted by the Commission.

These instructions are not so explicit as the Commissioners could have wished, but, acting upon what they suppose to have been intended, the Commissioners have confined themselves to fixing a rate for the use of ordinary trains, that is, such trains as the Companies run for their own purposes.

The Commissioners have taken every pains to arrive at a just solution of the questions submitted to them. They have exhausted all the information upon the subject within their reach, and have carefully considered the evidence laid before them. But these questions are obviously, from their very nature, inca-

pable of demonstration. Exact justice is therefore impossible, and the Commission have not the hope that their conclusions will meet with universal acceptance. But as the Legislature has devolved upon your Excellency in Council, the duty of fixing the price to be paid to the Railway Companies of this Province, for the services to be performed by them for the Government, the Commissioners have felt it right to make in every case a liberal allowance for such services.

Before they state their own conclusions, it may be useful to advert briefly to the grounds upon which several of the Railway Companies, and especially the Grand Trunk Railway Company, have advanced claims which the Commissioners feel that they cannot in justice admit.

Mr. Brydges, in his Memorandum on behalf of the Grand Trunk Railway Company, dwells at length upon certain circumstances in the formation of that Company, and upon the difficulties in carrying out their undertaking, as matters which ought to influence the rate to be paid for the work performed by the Company for the Government.

The Commissioners cannot agree in that view of the case. They have felt themselves precluded, under the circumstances, perhaps wrongly, from taking into account the large advances made by the Government of Canada to the Grand Trunk Railway Company. But if that consideration be properly excluded, they are very clear that there is nothing in the facts urged by Mr. Brydges, which should influence their judgment in determining the question submitted to them.

The high prices paid in many cases in Great Britain and Ireland are much insisted upon as justifying the claims advanced by the Grand Trunk and other Railway Companies in this Province for Postal Service. But that argument is not entitled, in the opinion of the Commissioners, to any weight whatever. In all those cases the high prices named are for Post Office trains; that is for trains in respect of which the Postmaster General prescribes the hour of departure, the speed, and the places to be served. This fact alone would of itself demonstrate the futility of any arguments based upon the price paid to "notice trains" in Great Britain. But there exist, besides, special reasons, in many of the cases referred to, which it would be too tedious to enumerate. The Great Southern and Western Railway of Ireland, for instance, is mentioned; on which road the rate is 4s. 6d. sterling per mile; the highest price paid on any Railway in Great Britain or Ireland, with the exception perhaps of the Chester and Holyhead line. Mr. Brydges attributes the high price paid upon the Irish lines to the paucity of passenger traffic, and thinks that, in that respect, there is a parallelism between the Canadian and the Irish lines, although in other respects he thinks the Grand Trunk entitled to a still higher rate of payment. The Commissioners cannot agree in any part of that argument. The truth is that, the greater the amount of traffic, the greater must be the danger of interference, and, consequently, the higher must be the price paid for a notice train. The high price paid to the Great Southern and Western is plainly attributable to the fact that at the time the night mail was established on that line, the

oad was closed during the whole night. But to meet the requirements of the Postmaster General, the road had to be kept open from 5 o'clock in the evening until 9 in the morning, a circumstance which goes far to justify the high price awarded. In like manner, the South Western Company is paid 3s. 6d. per mile, for the train which carries the Indian Mail to London, on the arrival of the Peninsular and Oriental packets at Southampton, but then, that is exclusively a Post Office train, and carries no passengers whatever. But apart from the special considerations just alluded to, which might be multiplied indefinitely, the Commissioners are clear that the service performed in Great Britain and Ireland, by trains under notice, bears no analogy whatever to the service to be performed here by the ordinary trains of the various Companies, run for their own purposes, and without any interference on the part of the Post Office Department.

It is argued however that the rates paid in the United States for Postal Railway service afford a safe precedent in determining the rates which should fairly be paid in this Province. In one respect the rates paid in the United States do afford a safer precedent, than those paid in Great Britain, because in the former country, the general rule is to make use of the ordinary trains of the railway companies, while in the latter that is the exception. But on the other hand the rates paid in the United States vary from \$20 per mile, which the Commissioners believe to be the lowest, up to \$375, which is perhaps the highest; and this endless variety of rate depends, as successive Postmasters have complained, on no settled principle. Now, had the matter rested there, the impossibility of deriving any assistance from such a mass of incongruous rates, said by those most capable of forming an accurate judgment to depend on no settled principle, would have been apparent. To obviate the force of this fact, and to shew that the rates paid on the more important routes in the United States, should be paid to the Grand Trunk Company, Mr. Brydges states in his Memorandum, "*that in the United States the distributing mails are carried upon one train, stopping at each station, and which distributes the mails upon the way in a car specially fitted up for the purpose; that is the only distributing car that is run upon any American Railway; it is only run once each way during the day time, and it is for that service that the rate of payment is made.*" This statement is reiterated by Mr. Brydges in his evidence, as may be seen by a reference to question ninety-six, and had the fact been as there alleged, the argument deduced from it would no doubt have had great weight. But the inaccuracy of Mr. Brydges' statement is clearly demonstrated by Mr. Griffin, (whose thorough acquaintance with the subject cannot be doubted,) in his answer to question three hundred and nineteen. Apart, however, from this general statement of the nature of the Railway Postal Service in the United States, the facts in relation to several important railways, in regard to which evidence has been obtained, lead conclusively to the same result. It will be observed from Mr. Brydges' evidence, (see from question 100 to 120,) that he had no accurate knowledge as to

the service performed by the principal railways in the United States. On enquiry it was found that on the New York Central, a case much insisted upon, there were three services each way daily, and one on Sunday ; and that the average daily weights of mails passing over that road from Albany, during the first week of the present month, was, *by post office car*, 175 lbs., whilst, by the other five trains there passed no less than 7264 lbs. The facts in relation to the service performed by the Washington and Baltimore, the Baltimore and New York, and the Baltimore and Philadelphia roads, are stated by Mr. Griffin in answer to question 320. He says: "Between Washington and Baltimore, the service is stated by the United States Post Office at four daily services each way, on week days, and twice each way, on Sunday. Between Baltimore and New York there are three daily services, each way, on week days, and one on Sundays. Of these services one is a way office distributing service by day trains, with car space appropriated to the Post Office of about 20 feet in length ; a second service is by a car 47 feet long, specially appropriated to the Post Office, for the purpose of sorting mails therein ; the other services are through bag services, in charge of the railway, without special appropriation of space, other than that all the accommodation required should be given."

The facts in relation to other roads may be found in the evidence, and taken together, they demonstrate, as the Commissioners think, that the rates paid on the principal lines in the United States, afford no guide as to the rates which should be paid in this Province ; and if these lines, taken separately, fail to furnish a safe guide, the Commissioners think that to attempt to fix a rate by striking an average, in the way suggested by Mr. Brydges, would be palpably erroneous.

It is said, in the next place, that the compartment assigned to the Post Office, would contain 15 passengers, and that the Department, which occupies that space, exclusively, should pay a sum equivalent to the fare of 15 passengers for each trip, a sum equal to about \$450 per mile of railway per annum. But that argument appears to the Commissioners wholly inadmissible, first, because mail bags are not passengers, but freight ; and, secondly, because the carriage of the mails does not, as a matter of fact, exclude a single passenger.

Upon the whole, the Commissioners think that mail matter must be regarded as being, what it really is, freight, and that the Post Office Department, requiring a space capable of containing $3\frac{1}{2}$ tons of freight, must pay for that weight at the same rate that the public would have to pay for the like accommodation.

The question then arises at what rate would the public be charged for this, or an analogous service. It is argued, that mail matter is the most precious description of freight, and should be paid for at first class, or, as some contend, at double first class rates. But the Commissioners are clear, that, for the purpose of fixing a tariff, it must be regarded as the least expensive description of freight. It cannot be regarded as first class freight, by reason of its peculiar bulk, or weight or value. Not by reason of its bulk, because the Post Office is charged for all the space it requires, and the postal matter must be contained within that

space. Its weight is notoriously, often ridiculously, below the weight paid for. And being carried in charge of the servants of the Post Office, the responsibility of the Company, on the ground of peculiar value, is reduced to a minimum. In the opinion of the Commissioners, mail matter must be regarded as through freight, as to which the Company is relieved of every expense beyond the mere cost of moving:

The importance of the consideration just adverted to, is very clearly pointed out by Mr. Shanly in his evidence. Being asked at question 458, whether 3½ cents per mile, the price paid by the Express Company, per train mile, for the use of a third of a car, agreed with his high estimate as to the carriage of first class freight by passenger trains; his reply is, "I think it does, *they do all their own business, we have no responsibility or labor connected with it except hauling the train over the road,*"---now that is a very exact description of the service performed for the Post Office.

Regarded therefore as freight, moved at freight train speed, the Commissioners entertain no doubt that five cents per train mile would be a very fair compensation for the space required by the Post Office, namely, one third of a car, equivalent to a weight of three and one third tons, upon any of our Canadian Railways.

Assuming that to be the value of the service performed, at freight train speed, it becomes necessary to determine the amount to be paid for the extra cost of carriage, at passenger speed, which, in this country, is less than double freight train speed. Now Messrs. Holley and Colburn, in their book upon Railways, estimate the extra cost of operating on passenger trains, at double the speed of a freight train, at forty per cent.

Captain Huish, a gentleman of large experience, who was not likely to concede any point unfavorable to Railways, makes this statement in the case submitted by him on behalf of the Lancaster and Carlisle Railway: "The goods trade, on the Lancaster and Carlisle line, is principally through trade. The wagons are received at Carlisle and Lancaster respectively, and are merely passed along the Railway at very slow speeds and at times suiting, as far as the passage of the mail trains will allow, in every way the convenience of the Company. Thus the mileage expenses of working the slow goods train cannot be by any means so great as that of working the quick Passenger Trains. *The difference of expense is estimated after a most careful investigation by competent parties at 49 per centum against Passenger Trains.*"

Messrs. Brydges and Shanly, in their examination, before this Commission, give 50 per cent as the extra cost of double speed.

The Commissioners have no wish to press this evidence unduly. They propose therefore to add 60 per cent for quick train and 20 per cent for slow; and they believe that the amount thus arrived at, namely: six cents per train mile, for mixed trains, and eight cents, per train mile, for quick passenger trains, may be

considered a liberal compensation for the service at present required by the Post Office, on the ordinary railroads of the Province.

The Commissioners are of opinion however that all the Railways in the Province ought not to be placed upon the same footing, they think it just that the great Trunk lines, over which the great bulk of the correspondence of the country passes, and without which, the present postal service could hardly be conducted, should be paid at a higher rate than the unimportant, and branch roads, upon which the mail matter might, probably, be conveyed, even now, by waggon, with nearly equal convenience, and at half the cost paid for railway carriage. This principle is universally acknowledged, they believe, both in England and the United States, and its justice is so apparent as hardly to need illustration. It cannot be contended, they think, that the Shefford Railway, over which one hundred and twenty pounds of mail matter pass daily, or the Welland Railway over which one hundred pounds pass, or the Buffalo, Brantford and Goderich, on which three hundred pounds pass, or the Northern, on which five hundred pounds pass daily, should be paid at the same rate as the Grand Trunk, over the main portion of which two thousand pounds pass daily, and without which the present business of the Post Office could hardly be conducted.

The Grand Trunk Railway, which runs through the whole length of this country, is, beyond all question, the most important line in the Province. Its importance to the Post Office bears no proportion to the price paid for its services.

It is kept open during winter at great cost. Mr. Shanly, who had ample means of information, and whose integrity and impartiality entitles his evidence to the utmost attention, says in answer to question 693: "I do not know of any railway so adversely affected by climate as the Grand Trunk Railway is, from Kingston eastward. There is no road I know of I would compare with it in that respect." Then, if the Menai Bridge affords a precedent which can conveniently be followed, and the Commissioners think it does so, the Victoria Bridge must be regarded as of still greater importance.

Upon all these grounds, the Commissioners think that upon the Grand Trunk Road, ten cents per mile, for quick passenger trains, and six cents, for mixed trains, may be considered fair rates for the use of its ordinary trains.

That this rate cannot be considered too high must be conceded they think, when it is considered that the Postmaster-General of the United States pays this same road, between the boundary line and Portland, sixteen cents, per train mile, for a single service, and ten cents, per train mile, for a double service.

That it cannot be regarded as too low is, they think, equally clear, when the amount paid to the Grand Trunk Company by the Express Company at the present moment, is considered.

Upon the same principle the Commissioners think the Great Western Railway entitled to some advance upon what they have designated as the ordinary rates. A very important part of the mail service of the country is performed by that Company, although it cannot be said to possess equal claims with the Grand

Trunk Company. The Commissioners would therefore suggest nine cents per train mile, for quick passenger trains, and six cents, for mixed trains, as reasonable rates for the use of the ordinary trains of the Great Western line.

On all the other roads in the Province, eight cents per train mile for quick passenger trains, and six cents per train mile for mixed trains, may be regarded, the Commissioners think, as a liberal allowance for the use of a post-office car attached to ordinary trains.

The space allotted to the Post Office, at the rates above stated, should be, as heretofore, equal, in length, to one third of an ordinary baggage car, by the whole width. The space so allotted should be fitted up under the directions of the Postmaster General, and should be comfortably heated and lighted to his satisfaction.

If further space should become necessary, it should be paid for at a proportionate rate.

The Commissioners do not think that any addition should be made to the rates above fixed, either on account of superior accommodation, or on account of the carriage of the Mail Conductors and other officers of the Post Office, as heretofore. Neither do they think that anything should be deducted for continuity of business. These considerations may fairly be balanced, in the opinion of the Commissioners, one against the other.

The Commissioners do not propose to make any change either in the bag service, or in the special Ocean Steamer Service. The Post Office does not complain of either, and the Companies are content, and the Commissioners have consequently abstained from interference.

Mr. Brunel prepared and laid before the Commissioners certain calculations as to the rates which should be paid by the Post Office upon the Grand Trunk, the Great Western, and the Northern Railways; and the Commissioners are glad to find that the results at which he arrived do not materially differ from those at which they themselves have arrived by a different process of reasoning. Mr. Brunel's calculations are clear and ingenious; but the Commissioners are not prepared to accede to the justice of the principle upon which they proceed. The things compared do not seem to them to admit of comparison. Mail matter is freight, and when the Post Office Department requires a space capable of containing three and one third tons of freight, to be set apart for their exclusive use, the justice of charging them in proportion to the price paid by the public for similar services is apparent. But the argument that because passenger carriages are hauled on the Grand Trunk line, for instance, to a great extent empty, and are paid for by the public accordingly, therefore the Post Office carriage, of which the department have the exclusive use, and which must therefore be regarded as always full, should only be paid for in proportion to those which are hauled, for the most part empty, seems hardly tenable.

The Commissioners think that the Post Office Department, having paid for a double service with Post Office car on any road, should be entitled to send

mail bags, in charge of the Company's servants by any other train run over such road for the purposes of the Company.

With respect to the enquiry directed into the adequacy of payment provided by the order in Council of September 1858, in the case of the Grand Trunk Railway, and of any other Railways, which may have formally protested against the sum allowed, as insufficient, the Commissioners do not feel any doubt.

That the power reserved to Your Excellency in Council to fix the rates to be paid for Railway Postal Service, is a quasi-judicial power, and should be exercised accordingly, is so clear in itself, and has been so explicitly declared by Your Excellency in Council, and by successive Ministers of the Crown, that it does not seem to the Commissioners to be now open to discussion.

Mr. Galt, then Finance Minister, made a report on the 1st October, 1861, which report was subsequently approved by the Governor in Council, in which he states : " As regards the claim for an increased Postal subsidy, His Excellency in Council has, by law, the power of determining the rate of remuneration for all railways in Canada, and the present rate of payment has been settled at a considerable reduction upon the rate first agreed upon by the Government, and subject to the protest of all the railways in the Province."

" The reservation of the power to the Government could only have been in the belief by Parliament that it would be exercised fairly, as the intention of the Legislature never could have been to compel service for the public without adequate remuneration."

The Honorable Mr. Mowat, in his late report, whilst Postmaster General, says : " The authority which the Governor in Council has to exercise in disposing of this matter is quasi-judicial ;" and there are many other statements to the same purpose.

But it is very clear from the evidence that the Order in Council of September 1858, by which the rate previously paid, to some, at least, of the Railways, was so considerably reduced, and the rate to be paid to all was fixed, was an *ex parte* Order, made without giving to any railway company interested in such decision an opportunity of adducing evidence, and being heard on the subject of such remuneration. Such an order was not in any just sense a judicial exercise of the authority vested in the Governor in Council. And as the rate then fixed was not in the opinion of the Commissioners a just rate, as applied to the Grand Trunk Railroad, the Commissioners are of opinion that, as to that Company, the rate now fixed should date back to September, 1858.

The Commissioners forbear to dwell upon the long delay which has arisen in the settlement of the rate to be paid to the Grand Trunk Railway Company. It was perhaps unavoidable, but it was no doubt very prejudicial to the creditors of the Company.

With respect to the Great Western and the Northern Railway Companies, the only other Railway Companies which have made a claim for past services,

some difficulty arises from the use of the word "formal" protest, in the Commission.

It cannot be said that there has been any "formal" protest, on the part of either company. But the Commissioners do not apprehend that Your Excellency in Council intended that the expression should be strictly construed. If the matter can be considered as properly open, they think that, upon the evidence, both companies may be considered as having complained of the order of 1858, and they are clear that in the case of the Great Western Company, the matter does not admit of doubt. They would suggest therefore that the rates now fixed should date back, as to both, to September 1858.

It is hardly necessary perhaps that the Commissioners should advert to their separate report, some time since laid before Your Excellency, but having again carefully considered the whole matter they still adhere to the opinion therein expressed.

All which is respectfully submitted.

(Signed,) WM. HUME BLAKE.
CHS. D. DAY.
G. W. WICKSTEED.

Quebec, 29th March, 1865.

RAILWAY POSTAL SERVICE COMMISSION,

Quebec, 30th March, 1865.

Sir,

The Report of the Commissioners was drawn up hurriedly to meet the wish of the Government, as expressed to the Commissioners.

Upon reflection, I am not sure whether it is clearly expressed that the ten and six cent rates should extend to the Champlain Road.

The amount hitherto paid on that line, under agreement, has been higher than on any other road in the Province, and the Commissioners, in their calculations, intended the ten and six cent rates to apply to it.

If the Report be not explicit, perhaps it should be altered.

I have the honor to be,

Sir,

Your obedient servant,

(Signed,) WM. HUME BLAKE.

MINUTES OF PROCEEDINGS.

THURSDAY, 19TH JANUARY, 1865.

The Commissioners met pursuant to notice, at their office in St. Lewis street, in the City of Quebec, at ten o'clock in the forenoon.

Present : All the Commissioners, that is to say :

The Honorable WILLIAM HUME BLAKE,
The Honorable CHARLES DEWEY DAY, and
GUSTAVUS WILLIAM WICKSTEED, Esquire.

The Commission was ordered to be inscribed on the minutes, as follows :—

" PROVINCE OF } (Signed) MONCK.
CANADA. }

[L. S.]

" VICTORIA, by the Grace of God, of the United Kingdom of Great Britain and Ireland, QUEEN, Defender of the Faith, &c., &c., &c.

" To The Honorable William Hume Blake, of the City of Toronto, Esquire, The Honorable Charles Dewey Day, of the City of Montreal, and Gustavus William Wicksteed, of the City of Quebec, Esquire, and to all to whom these presents shall come or may in any wise concern—
GREETING :

" (Signed) J. A. MACDONALD, } **W**HEREAS it has been represented to Us that certain
Atty. Genl. U. C. } arrangements have from time to time been made by the Post Office Department of our said Province, with the several railway companies therein, for the Postal Service, under the authority of orders of Our Executive Council of Our said Province, of the eighteenth day of September, in the year of Our Lord one thousand eight hundred and fifty-eight, and the twelfth day of August in the year of Our Lord one thousand eight hundred and sixty-three, respectively.

" And whereas it has been further represented to us, that the rates of remuneration fixed for and granted to the said railway companies for such service, have been and are considered by them as insufficient and inadequate therefor :

" And whereas by and with the advice of Our Executive Council of our said Province, We deem it expedient to cause enquiry to be made into and concerning the premises, in order that just and reasonable amounts of compensation to be given to the said railway companies respectively for such service may be settled and determined :

" Now therefore know Ye, that under and in pursuance of the provisions of the 13th chapter of the Consolidated Statutes of Canada, intituled : " An Act respecting enquiries concerning public matters and official notices," and by and with the advice of Our Executive Council of Our said Province, We do by these our Letters Patent constitute you the said Honorable William Hume Blake, you the said Honorable Charles Dewey Day, and you the said Gustavus William Wicksteed to be our Commissioners to enquire into and concerning the following matters and circumstances, that is to say :

" *Firstly*.—Into the adequacy of payment provided for the Postal Service by Railway, from the day of the date of the said order of Our said Executive Council of the said eighteenth day of September, one thousand eight hundred and fifty-eight, up to the passage of the said order of the

said Council of the twelfth day of August, one thousand eight hundred and sixty-three, in the case of the Grand Trunk Railway, and of any other Railways which may have formally protested against the sums allowed as insufficient.

"*Secondly*.—Into the adequacy of the payment allowed under the said order in Council of the twelfth day of August, one thousand eight hundred and sixty-three, up to the fourteenth day of November now last past; and *Thirdly*: Into the amount which should be allowed during the period of three years commencing from the said fourteenth day of November, now last past, for Postal Service, either as the same is now performed or with agreements for special service, or with agreements for the side service, or with any other changes required by the Post Office Department for the benefit of the public service.

"And We do hereby authorize and empower you the said the Honorable William Hume Blake, you the said the Honorable Charles Dewey Day and you the said Gustavus William Wicksteed, as such Commissioners to summon before you any party or witnesses and to require such person or persons to give evidence on oath orally or in writing, (or on solemn affirmation if they be parties entitled to affirm in civil matters) and to produce such documents and things, as you our said Commissioners may deem requisite to the full investigation of the matters aforesaid.

"To have and to hold the said office of Commissioners for the purposes aforesaid unto you the said the Honorable William Hume Blake, you the said the Honorable Charles Dewey Day, and you the said Gustavus William Wicksteed, during pleasure.

"And We do hereby require that you the said the Honorable William Hume Blake, and you the said the Honorable Charles Dewey Day, and you the said Gustavus William Wicksteed, as such Commissioners, do report the result of the above mentioned investigation with all convenient speed to Our Governor, Lieutenant Governor or person administering the Government of Our said Province for the time being.

"In testimony whereof we have caused these our Letters to be made patent and the Great Seal of our said Province to be hereunto affixed. Witness our right trusty and well beloved cousin the Right Honorable CHARLES STANLEY VISCOUNT MONCK, Baron Monck of Ballytrammon, in the County of Wexford, Governor General of British North America and Captain General and Governor in Chief in and over our Provinces of Canada, Nova Scotia, New Brunswick and the Island of Prince Edward and Vice-Admiral of the same, &c., &c., at Quebec, this SIXTEENTH day of DECEMBER, in the year of Our Lord one thousand eight hundred and sixty-four, and in the twenty-eighth year of our reign.

By command,

(Signed)

WM. McDOUGALL, Secretary.

The Commissioners agreed upon the hours of sitting.

A letter was written to the Honorable the Provincial Secretary requesting authority to employ a Secretary and a Messenger.

The Honorable the Postmaster General was notified by letter that the Commissioners had commenced their sittings, and was requested to furnish them at his earliest convenience, with a statement of the services required by his Department, from the several Railway Companies, and such other information and documents as he might think necessary.

Mr. Wicksteed produced letters A to G, being answers to preliminary letters and notifications sent by him to different Railway Companies, before the meeting of the Commissioners.

WM. HUME BLAKE,
Chairman.

FRIDAY, 20TH JANUARY, 1865.

The Commissioners met at 10, A. M.

Present: All the Commissioners.

Received a letter from Mr. Brydges, transmitting a printed statement of the case on behalf of the Grand Trunk Railway Company.

Mr. Griffin, as representing the Post Office Department, and Mr. Brydges, attended.

Mr. Brydges was requested to furnish the Postmaster General with a copy of the printed case of the Grand Trunk Railway Company.

Mr. Griffin was requested to furnish certain information as to the railway service required by the Department, and any statement the Postmaster General might think proper to make in answer to that of the Grand Trunk Railway Company.

The Commissioners entered upon the consideration of Mr. Brydges' printed case.

WM. HUME BLAKE,
Chairman.

SATURDAY, 21ST JANUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

The Commissioners continued the consideration of Mr. Brydges' printed case. Received a communication from the Postmaster General, (20th January, 1865, No. 1,) acknowledging receipt of letter of 19th, and stating that the Deputy Postmaster General will attend whenever required, and furnish any information demanded.

WM. HUME BLAKE,
Chairman.

MONDAY, 23RD JANUARY, 1865.

The Commissioners met at 10, A. M.

Present : All the Commissioners.

Received from the Provincial Secretary a communication authorizing the employment of a Secretary and a Messenger.

Thomas McCord, Esquire, was appointed Secretary, and George Workman, Messenger.

The Commissioners continued the examination of Mr. Brydges' printed case.

The following letter was ordered to be transmitted to the Honorable the Postmaster General :

“ Railway Postal Service Commission Office,
“ 24th January, 1865.

“ SIR,

“ The Commissioners have the honor to request that you will be pleased to furnish them with a list of all the Railways employed by the Post Office, shewing the amounts paid from time to time and at present paid to each,—what services were thus paid for, and the dates at which such services commenced respectively; also copies of the Order in Council of the 18th September, 1858 fixing the rate of remuneration to be paid—of the Report of the Postmaster General (The Honorable Mr. Sidney Smith) or any calculations, documents or written evidence on which that report was founded, and of all other Orders in Council or of Postmaster General's Reports bearing on the subject.

“ The Commissioners also beg to enquire whether any of the Railway Companies and which of them, besides the Grand Trunk protested against the rate of payment allowed; whether under the Order in Council of 1858 the rates paid to the other Railways than the Grand Trunk were altered; and whether the rates paid under the order of 1858 have been since continued as to other Railways than the Grand Trunk.

“ As their Commission authorises an enquiry ‘into the amount which should be allowed during the period of three years commencing from the said fourteenth day of November now last past, for Postal Service either as the same is now performed or with agreements for special services or with agreements for the side service or with any other changes required by the Post

“ Office Department for the benefit of the Public Service ”—the Commissioners further beg to be informed :

“ 1. As to the services at present performed by all the Railways ;

“ 2. Whether the Postmaster General requires, or has reason to think that he may during the next three years require any additional service or any change in the nature of the service ;

“ 3. Whether the Postmaster General sees any objection to the side service being included in the services to be performed by the several Railways.

“ And lastly the Commissioners wish to know when they may expect the written answer of the Post Office Department to Mr. Brydges’ case.”

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,

“ The Honorable

“ Chairman.

“ The Postmaster General.”

Mr. Griffin, Deputy Postmaster General, attended before the Commissioners and delivered a map and a printed report.

The following letter was ordered to be sent to the President of each of the following Railway Companies: Shefford and Chambly,—Brockville and Ottawa—Port Hope, Lindsay and Peterboro’,—Northern—Grea Western—and London and Port Stanley.

“ Railway Postal Service Commission Office,

19, St. Lewis Street, Quebec,

24th January, 1865.

Sir,

“ The Commissioners have the honor to transmit to you, the extract from their commission which you will find in the other side and to request that you will be so good as to furnish them with a written statement of any claim you may have to make, under any clause of the said extract.”

“ The Commissioners are desirous of receiving such statement on or before Monday, the 30th instant. If you desire to attend personally before the Commissioners, they will take care that you have sufficient notice.”

“ I have the honor to be,

“ Sir,

“ Your obedient Servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.”

“ Extract from Commission, dated 16th December, 1864.”

“ ‘ *Firstly* : Into the adequacy of payment provided for the Postal Service by Railway, from the day of the date of the said order of the said Executive Council of the said 18th day of September, in the year of our Lord 1858, up to the passage of the said order of the said Executive Council of the 12th day of August, in the year of our Lord, 1863, in the case of the Grand Trunk Railway, and of any other railways, which may have formally protested against the sum allowed as insufficient.

“ ‘ *Secondly* : Into the adequacy of the payment allowed under the said order in Council of the 12th day of August, in the year of our Lord 1863, up to the 14th day of November, now last past ; and

“ ‘ *Thirdly* : Into the amount which should be allowed during the period of three years commencing from the said 14th day of November now last past, for Postal Service, either as the same is now performed, or with agreements for special service, or with agreements for the side service, or with any other changes required by the Post Office Department, for the benefit of the public service.’ ”

“ The usual power to take evidence on oath or solemn affirmation is given.”

WM. HUME BLAKE,
Chairman.

TUESDAY, 24TH JANUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

The Commissioners continued the consideration of the printed case of Mr. Brydges.

Mr. Griffin laid before the Commissioners the Report of the Post Office Department of the United States, for 1862.

A letter was written to Mr. Bridges requesting him to furnish copies of all the acts relating to the Grand Trunk Railway Company and the Railway Companies amalgamated with it, or of such of them as may have been printed for the use of the Company.

The Secretary despatched to the Honorable the Postmaster General, and to the Presidents of the Railways named in the minutes of the previous sitting, the letters ordered to be transmitted to them respectively.

The Secretary wrote to the Postmaster of Quebec, asking him to open an account for postage with the Commission and received a verbal answer that one had been opened.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 25TH JANUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

A letter was written to Mr. Brydges, requesting him to favor them with copies of the Acts relating to the Grand Trunk Company, and the Companies amalgamated with it.

WM. HUME BLAKE,
Chairman.

THURSDAY, 26TH JANUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

The following letter was sent to the Honorable The Postmaster General:

“ Railway Postal Service Commission Office,

“ Quebec, 26th January, 1865.

“ SIR,

“ The Commissioners are desirous of examining the papers which were under the consideration of Mr. Moffatt when the arbitration was determined, and more especially that described in the following paragraph in page 51 of Blue Book No, 1, 1863:—‘ Next in seeking to arrive at the value of the mileage, I have procured a statement exhibitiv of the postal communication rendered and of the amount received therefor by nine leading Railway Companies in the United States, including the ‘ New York Central,’ the ‘ Erie,’ the ‘ Hudson River,’ ‘ Atlantic and St. Lawrence,’ and ‘ Boston and Worcester,’ lines, and I find that the average of the amounts paid for mail carriage on these nine railways is 10.37 cents per mile run, including the ‘ side service ’ when the distances between the stations and the post office do not exceed a quarter of a mile.’

" If your department be in possession of these papers, would you have the kindness to favor the Commissioners with communication of them.

" I have the honor to be

" Sir,

" Your Obedient Servant.

" (Signed) WM. HUME BLAKE.

" To the Honorable,

" The Postmaster General."

" Chairman."

WM. HUME BLAKE,
Chairman.

FRIDAY, 27TH JANUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a letter from the Post Office Department (26th January, 1865, No. 2) enclosing the statement asked for by the Commissioners in their communication of yesterday's date.

Received a telegram (26th January, 1865, No. 3) from F. Cumberland, Esquire, Manager of the Northern Railway, promising to reply by the 30th, if possible, to the letter of the Commissioners of the 24th instant.

WM. HUME BLAKE,
Chairman.

SATURDAY, 28TH JANUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a telegram (27th January, 1865, No. 4) from the Great Western Railway Company, promising answer.

Received a letter (28th January, 1865, No. 5) from Post Office Department, requesting further time to prepare remarks upon Grand Trunk Memorandum.

The following letter was sent to the Postmaster General :—

" Railway Postal Service Commission Office,

" Quebec, 28th January, 1865.

" SIR.

" The Commissioners have the honor to acknowledge receipt of your letter of this date, intimating that you require further time for the preparation of your answer to the Grand Trunk Memorandum. They are anxious, as they have already stated, to receive this answer, but must of course await your convenience in that matter.

" In the meantime the Commissioners would be glad to have communication of all papers connected with the arbitration, whether furnished by the Post Office Department to Mr. Moffatt or transmitted by that gentleman to the Department.

" It is material that the Commissioners should also be furnished without delay with a statement of the services at present performed by all the Railways employed by the Post Office.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,

" The Honorable,

" The Postmaster General."

" Chairman."

WM. HUME BLAKE,
Chairman.

MONDAY, 30TH JANUARY, 1865.

The Commissioners met at 10, A. M.

Present : All the Commissioners.

Received from the Post Office Department, a statement showing the number of miles of railway used for the mail service, (No. 6.)

The following letter was sent to the Postmaster General :

“ Railway Postal Service Commission Office,
“ Quebec, 30th January, 1865.

“ Sir,
“ The only report of the Postmaster General of the United States which the Commissioners have in their possession, is that for the year 1862 ; and they would be glad to be furnished with any earlier or later reports from the same office, with which it may be in your power to favor them.

“ I have the honor to be,
“ Sir,
“ Your obedient servant,

“ The Honorable (Signed,) WM. HUME BLAKE,
“ The Postmaster General, “ Chairman.
“ Quebec.”

WM. HUME BLAKE,
Chairman.

TUESDAY, 31ST JANUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a Letter from the Post Office Department, (30th January, 1865, No. 7,) accompanying Reports of Postmaster General of the United States for 1853 to 1863 inclusively..

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 1ST FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

F. Cumberland, Esquire, with Thos. Galt, Esquire, attended before the Commissioners, on behalf of the Northern Railway Company.

The Deputy Postmaster General attended, with an answer to the case of the Grand Trunk Railway Company, which he was requested to have printed.

The following letter was sent to the Presidents of each of the following Railway Companies:—Shefford and Chambly ; Brockville and Ottawa ; Port Hope, Lindsay and Peterborough ; Northern ; Great Western ; and London and Port Stanley.

“ Railway Postal Service Commission Office,
“ Quebec, 1st February, 1865.

“ Sir,
“ The Commissioners in their letter to you of the 24th ult., omitted to say that several copies of the statement therein mentioned would be required ; say, three for the use of the Commission and another for the Government.

“ As they have not yet received your case, nor indeed that of any of the other Railway Companies—the Grand Trunk excepted—it may not be too late to suggest that for your own conveyance
b*

nience, as well as to facilitate the proceedings of the Commissioners, you might furnish them with printed cases, to the number required.

"The Commissioners, of course, are still desirous of receiving these documents as soon as possible.

"I have the honor to be,

"Sir,

"Your obedient servant,

"(Signed,) WM. HUME BLAKE,
"Chairman."

WM. HUME BLAKE,
Chairman.

THURSDAY, 2ND FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a communication from the General Manager of the Great Western Railway (30th January 1865, No. 8,) enclosing printed statement of 30th December 1863.

Received a communication from the Brockville and Ottawa Railway Company, (28th January, 1865, No. 9) with three enclosures relative to their case.

Received a letter (28th January 1865, No. 10) from the Managing Director of the Port Hope, Lindsay and Beaverton Railway Company, stating that Messrs. Cumberland and Galt are authorized to submit the claims of that Company.

The Manager of the Great Western Railway was notified that the Commissioners are desirous that he should attend before them.

WM. HUME BLAKE,
Chairman.

FRIDAY, 3RD FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a letter from the Post Office Department, (2nd February, 1865, No. 11,) transmitting a list of Railways, indicating amounts paid to each, and also a copy of Honorable Sidney Smith's report and of Orders in Council of September 1858 and November 1864.

Received a note from the Deputy Postmaster General (3rd February, 1865, No. 12,) accompanying a volume of United States Post Office Reports coming down to 1863.

Thos. Swinyard, Esquire, attended before the Commissioners on behalf of the Great Western Railway Company.

WM. HUME BLAKE,
Chairman.

SATURDAY, 4TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a letter from Mr. Brydges, (3rd February 1865, No. 13) stating that not having heard from the Commissioners since his last attendance he is

obliged to leave for Montreal, and requesting copy of any reply of the Post Office Department to his case ;—and the following answer was sent :

“ Railway Postal Service Commission Office,
“ Quebec, 4th February, 1865.

“ Sir,

“ The Commissioners regret that you should have been put to any inconvenience.

“ They mentioned to you when you placed your statement in their hands that it would be impossible for them to proceed with the consideration of it until they had been furnished with the statements of the other Companies and the reply of the Post Office Department thereto, and that your attendance at that time would therefore be unnecessary.

“ The Commissioners have not yet received the reply of the Post Office Department to your case, neither have they been furnished with the statement of the other Companies.

“ They are anxious to proceed with the consideration of the various claims at the earliest possible moment, of which you shall have due notice.

“ The reply of the Post Office Department to your case shall be sent to you as soon as received.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.

“ Mem :—Since the above was written the reply of the Post Office Department has been received and the Commissioners have directed me to enclose it to you.

“ (Signed,) T. McCORD,
“ Secretary.”

A copy of the said reply was accordingly enclosed.

A copy of the reply of the Post Office Department to the case of the Grand Trunk Company was also furnished Thos. Swinyard, Esquire, representing the Great Western Company.

Mr. Griffin, the Deputy Postmaster General, attended before the Commissioners.

WM. HUME BLAKE,
Chairman.

MONDAY, 6TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

The following letter was sent to Mr. Brydges :

“ Railway Postal Service Commission Office,
“ Quebec, 6th February, 1865.

“ Sir,

“ The Commissioners have the honor to request that you will be good enough to favor them with the half yearly statements of the Grand Trunk Company, for the years 1863 and 1864, (three copies of each, if you can spare them) with the tariff and classification of freight, and also with the time-tables of the Company, for the same period. They would also be glad to be furnished with a statement of the *freight* earnings of the *mixed* trains, for that period, as distinguished from the passenger earnings of such trains.”

“ I have the honor to be

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.

“ C. J. BRYDGES, Esquire,

“ Mang. Dir. G. T. Rway. Comp,
“ Montreal.”

A copy of the above letter, certified by the secretary, was also sent to Mr. Brydges' address at the St. Lewis Hotel, Quebec.

Mr. Cumberland, on behalf of the Northern, and of the Port Hope, Lindsay and Peterboro' Railway Companies, attended before the Commissioners, and stated that the printed cases of those companies could not be handed in before Friday next.

Mr. Cumberland was furnished by the Commissioners with a copy of the reply of the Post Office Department to the case of the Grand Trunk Company.

WM. HUME BLAKE,
Chairman.

TUESDAY, 7TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a letter (6th February, 1865, No. 14,) from the President of the Montreal and Vermont Junction Railway Company, claiming remuneration at the rate of \$200 per mile.*

Received a letter (6th February, 1865, No. 15,) from the Lessee of the Stanstead, Shefford and Chambly Railway Company, claiming remuneration at the rate of \$150 per mile.*

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 8TH FEBRUARY, 1865.

The Commissioners met at 10, A. M.

Present : All the Commissioners.

WM. HUME BLAKE,
Chairman.

THURSDAY, 9TH FEBRUARY, 1865.

The Commissioners met at 10, A. M.

Present : All the Commissioners.

The following letter was sent to the Postmaster General :

" Railway Postal Service Commission Office,
" Quebec, 9th February, 1865.

" Sir,

" The Commissioners beg leave to call your attention to the fact that they have not yet received from your Department a statement of the present service performed by the different Railway Companies employed by the Post Office.

" The Commissioners also beg to express their desire to see the Deputy Postmaster General before them at his earliest convenience.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,
Chairman.

The Deputy Postmaster General attended before the Commissioners.

The following letter was sent to the Managing Director of the Grand Trunk Company, and to each of the Presidents of the Shefford and Chambly,—Brockville and Ottawa,—Port Hope, Lindsay and Peterboro',—Northern,—Great Western,—and London and Port Stanley Companies :

“ Railway Postal Service Commission Office,

“ Quebec, 9th February, 1865.

“ Sir,

“ The Commissioners are desirous of obtaining from all the Railway Companies performing Postal Service, the following information :

“ 1. The yearly or half yearly statements for the past two years ;

“ 2. The tariffs for the same period, and the classification ;

“ 3. The time tables for the same period ;

“ 4. The earnings of the passenger trains, and of the mixed trains for the same period. In the case of mixed trains, the earnings from passengers and those from freight to be stated separately.

“ Will you be good enough to furnish the Commissioners with the above information, in so far as regards the Company you represent, and if you can do so without inconvenience, to let them have *three copies* of such printed documents as may be comprised in their request.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“(Signed,) WM. HUME BLAKE,
“ Chairman.”

WM. HUME BLAKE,
Chairman.

FRIDAY, 10TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received from the General Manager of the Great Western Railway Company, a letter (9th February, 1865, No. 16,) promising information ; to which the following answer was sent :

“ Railway Postal Service Commission Office,

“ Quebec, 10th February, 1865.

“ SIR,

“ The Commissioners have the honor to acknowledge receipt of your letter of yesterday's date, and will be happy to receive the information it refers to, as soon as it is procured.

“ The Commissioners have to day received a further statement from the Post Office Department of which they beg to enclose you herewith a printed copy.

“ I have the honor to be,

“ Sir,

“ Your Obedient Servant,

“(Signed) WM. HUME BLAKE,
Chairman.

“ THOS. SWINYARD, Esquire.

“ General Manager Great Western Railway Company,
“ Quebec.”

Received from the Managing Director of the Grand Trunk Railway Company, a letter (6th February 1865, No. 17) with enclosures.--

" *Enclosures.*

" Grand Trunk Railway of Canada,
" Managing Director's Office.

" Quebec, 9th February, 1865.

" SIR,

" I have the honor to acknowledge the receipt of your letters of the 4th and 6th instant, and to thank you for the copy of the memorandum of the Deputy Postmaster General enclosed in your letter of the 4th instant.

" In compliance with the request contained in your letter of the 6th, I now send you two copies of each of the reports of this Company, issued during the years 1863 and 1864; I am sorry I have not more than two copies of each which I can transmit to you.

" The report for the half year ending December 31st, 1864, is not yet out, and will not probably be so for several weeks hence.

" I also send you copies of the Time Bills that were in use in the early part of the year 1863, and also those which are now in force upon the Eastern, Central, and Western Districts of this Railway.

" I regret I am not able to comply with your request for a statement of the earnings of freight by mixed trains, as we are not in the habit of keeping separate accounts of the earnings of particular trains. The earnings are made up, as far as passengers are concerned, from the daily returns of the aggregate of tickets sold at each station, without any reference to the particular trains by which they went.

" The freight earnings are made up from a statement rendered weekly from each station of the amount of freight forwarded from such station without any reference to the particular train by which it was dispatched. I regret therefore I am unable to supply you with that information.

" I also transmit to you a complete set of freight tariffs now in force upon the various sections of this railway.

" In regard to the memorandum submitted by the Deputy Postmaster General, I beg to be allowed to ask whether it is the wish of the Commissioners I should proceed to answer that statement in writing, or whether it will now be convenient for the Commissioners to have the question discussed before them, when of course it will be my duty to call attention to the various points raised in Mr. Griffin's paper.

" I have the honor to be,

" Sir,

" Your most obedient servant,

(Signed,)

" C. J. BRYDGES,

" Managing Director."

And the following was sent in answer:

" Railway Postal Service Commission Office,

" Quebec, 10th February, 1865.

" Sir,

" The Commissioners have the honor to acknowledge receipt of your letter of yesterday's date, and to thank you for the documents and information conveyed.

" The Commissioners have also the honor to enclose herewith a printed copy of a further statement handed in this day from the Post Office Department. As regards both this document and the former one, the Commissioners think that your answer may conveniently be made verbally before them, in the manner you suggest, but they will be equally pleased to receive it in writing, should you prefer it.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,)

WM. HUME BLAKE,

" Chairman.

" C. J. BRYDGES, Esquire,

" Mang. Director, G. T. R. Co.,

" Quebec."

The following letter was sent to the Managing Director of the Northern Railway Company :

“ Railway Postal Service Commission Office,
“ Quebec, 10th February, 1865.

“ SIR,

“ The Commissioners have the honor to enclose you herewith a printed copy of a further Statement handed in this day from the Post Office Department.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.

“ F. W. CUMBERLAND, Esquire,

“ Mang. Director Northern R. Co.

“ Quebec.”

The Deputy Postmaster General attended before the Commissioners.

Robert Cassels, Esquire, Cashier of the Bank of Upper Canada, attended before the Commissioners, and represented, that the said Bank and others hold Postal bonds to the amount of £180,000 sterling, upon which large sums of interest are due, and that they are anxious that a decision should soon be arrived at. Mr. Cassels was thereupon informed by the Commissioners that they would endeavour to dispose of the matter as soon as possible, and would be glad to afford his clients a hearing. He was also requested in the meantime to put his statement in writing.

WM. HUME BLAKE,
Chairman.

SATURDAY, 11TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a letter from the Brockville and Ottawa Railway Company (10th February, 1865, No. 18,) enclosing printed copies of their statement and of documents already furnished.

Received a letter from Robt. Cassels, Esquire, Cashier of the Bank of Upper Canada (10th February, 1865, No. 19,) embodying the statement made by him yesterday before the Commissioners—as follows :—

“ Bank of Upper Canada,
“ Quebec, 10th February, 1865.

“ Gentlemen,

“ I desire to bring under your notice the interest which the Bank of Upper Canada has in the settlement of the ‘ Railway Postal subsidy ’ question.

“ You are doubtless aware that by the ‘ Grand Trunk Arrangements Act of 1862,’ certain creditors of the Grand Trunk Railway, had to accept, in payment of portions of their respective claims, postal subsidy bonds.

“ The amount received and now held by the Bank of Upper Canada, is one hundred and eighty-one thousand, five hundred pounds sterling, on which no interest whatever has been paid.

“ When the settlement was made it was fully expected that the question of postal service would be speedily settled, and there was no doubt a liberal scale of remuneration would be fixed by the Provincial Government. In this expectation we have been grievously disappointed, nearly three years having elapsed without any decision having been arrived at. I trust you will pardon my expressing a hope that longer delay will not take place, but that speedy and substantial justice will be done to the claims of the Bank, as well as to the other unfortunate holders of these bonds.

" I would be wanting in my duty, did I not place before you the grave and important interests involved in the investigation in which you are now engaged, interests far beyond the mere money value of the subject under consideration.

" The holders in England of these bonds feel that they have been trifled with, and that their just claims have been neglected, and it is difficult, nay almost impossible, to persuade them that the Provincial Government has not been greatly to blame.

" The English creditors are represented by three of the leading men in financial circles in London, viz :

" Thos. Baring, Esquire, M. P.

" Geo. Carr Glyn, Esquire, M. P. and

" D. K. Hodgson, Esquire, M. P. and Governor of the Bank of England.

" The deservedly high position which these gentlemen occupy, and the financial influence which they exercise over the public mind of England, cannot be too highly estimated, or the moral weight which must attach to their views and expressions be ignored ; any seeming injustice or want of liberality in the settlement of this question will render these gentlemen dissatisfied, and will recoil upon Canada at a time when it is so necessary and desirable our country should occupy a high position in the commercial capital of the world.

" I have the honor to be,

" Gentlemen,

" Your obedient servant,

" To

" ROBT. CASSELS, Cashier,

" The Honorable W. H. BLAKE,

" Bank of Upper Canada."

" The Honorable Mr. Justice DAY, and

" G. W. WICKSTEED, Esquire,

" Postal subsidy Commissioners,

" Quebec."

And the following answer was sent :

" Railway Postal Service Commission Office,

" Quebec, 11th February, 1865.

" Sir,

" The Commissioners have the honor to acknowledge receipt of your letter of this date stating the case of the Bank of Upper Canada and other holders of Postal subsidy bonds, and in answer to say that there will be no unnecessary delay on their part in arriving at a decision upon the subject of their enquiry.

" If the Bank of Upper Canada or their clients desire to be represented before the Commission, the Commissioners will be glad to afford them an opportunity of being heard.

" I have the honor to be,

" Sir,

" Your obedient servant,

" ROBT. CASSELS, Esquire,

" (Signed,) WM. HUME BLAKE,

" Cashier B. of U. C.,

" Chairman.

" Quebec."

The following letter was sent to C. J. Brydges, Esquire :—

" Railway Postal Service Commission Office,

" Quebec, 11th February, 1865.

" Sir,

" The Commissioners remark that all the tariffs which you were good enough to send them, with the exception of one respecting timber and lumber, are tariffs of *winter* rates, and they would therefore be glad to receive from you such tariffs of *summer* rates as will complete the desired information.

" The Commissioners would also beg to be favored with a copy of any contract or contracts between the Grand Trunk Company and the Express Companies, and to be informed, should the contracts themselves not contain the information, as to what portions and what lengths of railway are used, and what services are performed by the Grand Trunk Company for the Express Companies, under the contract in question.

" I have the honor to be,

" Sir,

" Your obedient servant,

" C. J. BRYDGES, Esq.,

" Mang. Dir. G. T. R. Co.,

" Quebec."

" (Signed,) WM. HUME BLAKE,

" Chairman.

The following letter was sent to the Honorable the Postmaster General :

" Railway Postal Service Commission Office,

" Quebec, 11th February, 1865.

" Sir,

" The Commissioners find themselves placed in a difficulty which requires explanation.

" The Commission under which they sit directs them to enquire ' into the amount which should be allowed during the period of three years commencing from the said fourteenth day of November last past, for Postal Service, either as the same is now performed or with agreements for special service, or with agreements for the side service, or with any other changes required by the Post Office Department, for the benefit of the public service.'

" The Order in Council under which the service performed by the Grand Trunk Railway Company at present is paid for, states the service as follows :

" " One daily mail service each way between Toronto and Quebec, by the Company's ordinary express passenger trains running continuously, and without any break of connexion at any intermediate point ;

" " One daily mail service, each way, between Toronto and Sarnia, and St. Mary's and London, by the Company's ordinary express passenger trains ;

" " One daily mail service, each way, between Quebec and Rivière du Loup, by the Company's ordinary passenger trains ;

" " And one daily mail service, each way, between Richmond and the Boundary Line, by the Company's ordinary passenger trains ; such trains respectively being supplied, as hitherto, with travelling Post Offices, properly warmed and lighted, and comprising, as nearly as may be, one third of a car, and exchanging mails at the way stations at which the said trains ordinarily stop.'

" This order prescribes the service to be performed. It is to be *a continuous service between Toronto and Quebec.*

" The Grand Trunk Railway Company represent that a continuous service is inconsistent with the commercial interests of the Company, and that it cannot be continued unless paid for by the Post Office Department as a special service. (See Mr. Brydges' statement, dated 16th Jan'y., 1865, p 24.)

" The Commissioners do not mean in this communication, to express any opinion upon the above statement.

" The Deputy Postmaster General wishes the Commissioners simply to fix a rate for the use of the ordinary trains of the Company. The paragraph in his Memorandum is in these words : ' The Postal rate should be in the shape of a Tariff of so much per train mile for the appropriation to the Post Office of such space as it requires in the ordinary Passenger Trains—the rate being fixed for a certain specific extent of space, so many feet in the length of the car by the whole width, with a provision that if the Post Office takes more or less than that extent of space, the rate will increase or diminish in like proportion.'

" To fix a rate for the use of the ordinary trains of the Company would be, as it seems to the Commissioners, to make the public interest dependent entirely upon the commercial interest of the Grand Trunk Railway Company, and would leave the rate paid for a continuous service undetermined.

" The Commissioners beg therefore to be informed whether it is the intention of Her Majesty's Government that the Commissioners should confine themselves to fixing a rate for the use of the ordinary trains,—

" Or, whether it is the intention that the Commissioners should fix a rate for continuous service, as mentioned in the Order in Council above referred to, or for such other service as the public interests may seem to require.

" I have the honor to be,

" Sir,

" Your obedient servant,

" The Honorable
" The Postmaster General,
" Quebec."

" (Signed) WM. HUME BLAKE,
" Chairman.

WM. HUME BLAKE,
Chairman.

MONDAY, 13TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a letter (13th November, 1865, No. 20,) from the Post Office Department, enclosing a statement of the service at present performed by the Grand Trunk Railway Company for the Department.

WM. HUME BLAKE,
Chairman.

TUESDAY, 14TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a letter from the London and Port Stanley Railway Company, (8th February, 1865, No. 21,) acknowledging letters of 24th ult. and 1st inst.

Received a letter from the Great Western Railway Company, (11th February 1865, No. 22,) acknowledging receipt of letter of 9th inst.

The following letter was mailed to each of the Presidents of the Shefford and Chambly,—Brockville and Ottawa,—Port Hope, Lindsay and Peterborough,—Northern,—Great Western,—and London and Port Stanley Railway Companies:

" Railway Postal Service Commission Office,
Quebec, 14th February, 1865.

" Sir,

" The Commissioners beg leave to say that they still anxiously await the documents and information asked for in their previous correspondence.

" They purpose to enter upon the examination of witnesses on Wednesday, the 22nd instant, at 10 o'clock A. M., but in the fear that your delay may be the means of retarding their proceedings they would again urge upon you the importance of sending them as soon as possible, whatever statements of claim or information may still remain to be furnished.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,
" Chairman."

The following letter was mailed to C. J. Brydges, Esq :—

“ Railway Postal Service Commission Office,
Quebec, 14th February, 1865.

“ Sir,

“ The Commissioners have the honor to request, that you will be good enough to furnish them with a copy of the contract between the Grand Trunk Railway Company, and the British American Express Company ; also with three copies of the Tariffs, time-tables, and half yearly statements of the Buffalo and Lake Huron and the Ottawa and Prescott Railway Companies, for the last two years ; and lastly with a statement of any claim these companies may have to make for Postal Service.

“ The Commissioners purpose entering upon the examination of witnesses, on Wednesday, the 22nd instant, at 10 o'clock A. M., and in order to do so they are anxious to receive, from all the Companies, whatever statements or information may still remain to be furnished,

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.

“ C. J. BRYDGES, Esq.,
“ Mang. Dir. G. T. Rwy. Comp.
“ Quebec,”

Mr. Bridges had previously attended before the Commissioners.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 15TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

A copy of the letter mailed on the previous day to Mr. Brydges' address at Quebec, was sent to his address at Montreal.

WM. HUME BLAKE,
Chairman.

THURSDAY, 16TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a letter from the Managing Director of the Northern Railway Co., (13th of February, 1865, No. 23,) transmitting printed case, tariff and time tables, and the following letter was sent in answer to the same :

“ Railway Postal Service Commission Office,
“ Quebec, 16th February, 1865.

“ Sir,

“ The Commissioners have the honor to acknowledge receipt of your letter of the 13th inst., transmitting a statement of the claims of your Company, with tariffs and time tables.

“ They beg leave at the same time to call your attention to the fact that you have not as yet furnished them with the half yearly statements of the Northern Railway Co., nor with a statement of the claim of the Port Hope, Lindsay and Peterboro' Company.

"The Commissioners presume of course that a copy of your printed case has been furnished to the Honorable the Postmaster-General.

"I have the honor to be,

"Sir,

"Your obedient servant,

"(Signed,) WM. HUME BLAKE.

"F. Cumberland, Esq.,

"Chairman.

"Managing Director Northern Railway Co.

"Toronto."

The following letter was sent to the Honorable the Postmaster-General :

"Railway Postal Service Commission Office,

"Quebec, 16th February, 1865.

"Sir,

"The Commissioners have the honor to request that the Deputy Postmaster-General will be good enough to afford them his attendance to-morrow morning at half-past ten o'clock, or as near that hour as he can make it convenient to be present.

"I have the honour to be,

"Sir,

"Your obedient servant,

"The Honorable

"(Signed,) WM. HUME BLAKE,

"The Postmaster General,

"Chairman.

"Quebec."

WM. HUME BLAKE,
Chairman.

FRIDAY, 17TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received from the Port Hope, Lindsay, and Peterboro' Company copies of tariffs of freight and time tables (No. 24.)

Received from Mr. Brydges, Tariffs of summer rates for freight.

The Deputy Postmaster General attended.

Received from the Post Office Department a statement of the services performed by the Railways other than the Grand Trunk, with letter transmitting the same (17th February, 1865, No. 25.)

The following letter was sent to the Honorable the Postmaster General :

"Railway Postal Service Commission Office,

"Quebec, 17th February, 1865.

"Sir,

"The Commissioners would be obliged by your furnishing them with your views as to the relative importance of the different Railways to the Post Office Department, with the data upon which your opinion is founded.

"The Commissioners feel that their imperfect acquaintance with the working of your Department must render it difficult for them to form an accurate opinion upon that subject ; but they think that a return shewing the number of letters passing over each Railway to the several Post Offices on the route, and the revenue derived from the Post Office therefrom, would be of material assistance in enabling them to form a judgment. In making this return, the different

sections of the Grand Trunk Railway, from Quebec eastward, and Toronto westward, might be treated as distinct roads.

"The Commissioners would therefore be obliged if you would be so good as to order such a return to be furnished at your earliest convenience.

"I have the honor to be,

"Sir,

"Your obedient servant,

"The Honorable

"The Postmaster General,

"Quebec."

"(Signed,)

WM. HUME BLAKE,

"Chairman.

WM. HUME BLAKE.

Chairman.

SATURDAY, 18TH FEBRUARY, 1865.

The Commissioners met at 2 P. M.

Present : All the Commissioners.

Received from the Northern Railway Company, time tables, and four copies of freight tariff, adopted to take effect on and after 2nd April, 1860, and also a table of Passenger fares.

Received from the Great Western Railway Company, half yearly statements, and also one copy of their printed case.

The following letter was mailed to the Managing Director of the Grand Trunk Railway Company :

"Railway Postal Service Commission Office,

"Quebec, 18th February, 1865.

"Sir,

"The Commissioners have the honor to request that you will be good enough to furnish them with the time-tables of the Grand Trunk Company in force on the 18th September, 1858, and those in use from that time up to the earliest of the series already furnished.

"I have the honor to be,

"Sir,

"Your obedient servant,

"C. J. BRYDGES, Esq.,

"M. Dir. G. T. R. Co.,

"Montreal."

"(Signed,

T. McCORD,

"Secretary.

WM. HUME BLAKE.

Chairman.

MONDAY, 20TH FEBRUARY, 1865.

The Commissioners met at 2 P. M.

Present : All the Commissioners.

Received from Mr. Brydges a letter (16th February, 1865, No. 26,) enclosing time tables and freight tariffs of Ottawa and Prescott Railway Company, and of Buffalo and Lake Huron Company, and accompanied by a volume containing reports of the latter Company.

Received from the Port Hope, Lindsay and Beaverton Company, a letter (14th February, 1865, No. 27,) enclosing time tables and statements of earnings and expenditures for 1863 and 1864.

Received from Port Hope and Peterboro' Railway Company, a letter (16th February, 1865, No. 28,) enclosing time tables, and giving statement of receipts and expenditure.

Received from the London and Port Stanley Railway Company, a letter (16th February 1865, No. 29,) enclosing freight tariff, time-tables and Reports of earnings and expenditure.

Received a letter (16th February 1865, No. 30,) from Secretary of Northern Railway Company, stating that document asked for had been sent to Mr. Hubertus.

Received from the Brockville and Ottawa Railway Company a statement of receipts and expenses, a freight tariff of 1860, three copies of freight tariff of 1865, and 3 copies of their time-table.

Received a letter from the Post Office Department, (20th February 1865, No. 31), correcting an error in their statement of services performed by the railways for the Department.

WM. HUME BLAKE,
Chairman.

TUESDAY, 21ST FEBRUARY, 1865.

The Commissioners met at 11 A. M.

Present: All the Commissioners.

Received from the Northern Railway Company, Reports for the years 1863 and 1864, three copies of each.

The Deputy Postmaster General attended before the Commissioners.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 22ND FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Mr. Brydges and Mr. Griffin attended before the Commissioners.

Mr. Brydges was sworn and his examination was commenced.

WM. HUME BLAKE,
Chairman.

THURSDAY, 23RD FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Mr. Brydges and Mr. Griffin attended before the Commissioners.

The Commissioners resumed the examination of Mr. Brydges.

WM. HUME BLAKE,
Chairman.

FRIDAY, 24TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Mr. Griffin attended before the Commissioners.

Received a message from Mr. Brydges, stating that he was prevented by illness from attending to-day before the Commission.

The following letter was written, and taken by the Secretary to the Provincial Secretary, with the view of obtaining if possible an immediate answer.

“ Railway Postal Service Commission Office,
Quebec, 24th February, 1865.

“ Sir,
“ The Postmaster General has suggested that the evidence before the Commissioners should be printed, as it is taken, for the information of the Government.
“ The Commissioners beg to be informed whether it is the wish of the Government that this expense should be incurred.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ The Honorable
“ The Provincial Secretary,
“ Quebec.”

“ (Signed,) WM. HUME BLAKE,
“ Chairman.

WM. HUME BLAKE,
Chairman.

SATURDAY, 25TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Mr. Griffin and Mr. Brydges attended before the Commissioners.

The Commissioners continued the examination of Mr. Brydges.

Received a communication from the President of the Executive Council sanctioning the printing of the Evidence by the Queen's Printer (25th February, 1865, No. 32.)

A letter was sent to the Honorable J. S. Macdonald, requesting his attendance to give evidence before the Commission, on Monday next at 10½ A. M.

WM. HUME BLAKE,
Chairman.

MONDAY, 27TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Mr. Brydges and Mr. Griffin attended.

Mr. Irving attended in the interest of the Great Western Railway Company.

The Commissioners continued the examination of Mr. Brydges.

A note was sent to the Honorable J. S. Macdonald, requesting his attendance to-morrow morning at ten o'clock.

Received a letter (27th February, 1865, No. 33,) from the Provincial Secretary stating that the printing of the Evidence had been authorized by His Excellency in Council.

WM. HUME BLAKE,
Chairman.

TUESDAY, 28TH FEBRUARY, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

The Honorable John Sandfield Macdonald, Mr. Brydges and Mr. Griffin attended.

The Honorable John Sandfield Macdonald was examined.

The examination of Mr. Griffin was begun.

The following letter was written and handed to Mr. Brydges :

“ Railway Postal Service Commission,

“ Quebec, 28th February, 1865.

“ Sir,

“ The Commissioners have the honor to request that you will be kind enough to furnish them with a statement of any claim you may have to lay before them on behalf of the Montreal and Champlain Railway Company together with copies of the tariff, time-tables and half yearly statements of that Company for the last two years.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,)

WM. HUME BLAKE,

“ Chairman.

“ C. J. BRYDGES, Esquire,

“ Mang. Director, G. T. R. Co.,

“ Quebec.”

The following letter was written to the Queen's Printer :

“ Railway Postal Service Commission,

“ Quebec, 23th February, 1865.

“ Sir,

“ With regard to your printing of the evidence now being taken before them, the Commissioners desire to be informed whether it is in your power to furnish them every morning with the corrected proofs of the evidence of the previous day, as otherwise their object in having it printed at present will not be attained and the work would have to be discontinued.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ The Queen's Printer,

“ Quebec.”

“ (Signed,)

WM. HUME BLAKE,

“ Chairman.”

Received from the Queen's Printer an answer to the above letter (28th February, 1865, No. 34) expressing his readiness to meet the wishes of the Commissioners.

A letter was sent to the Honorable the Postmaster General transmitting three copies of the evidence taken so far as printed.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 1ST MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Griffin's examination was resumed.

The following letter was sent to the Honorable the Postmaster General :

“ Railway Postal Service Commission,

“ Quebec, 1st March, 1865.

“ Sir,

“ The Commissioners have the honor to call your attention to their letter of the 11th ultimo, to which they have not yet had any reply.

"The absence of the information requested has much embarrassed the Commissioners, and they trust that you will be pleased to furnish it at your earliest convenience.

"I have the honor to be,

"Sir,

"Your obedient servant,

"(Signed,) WM. HUME BLAKE,
"Chairman."

"The Honorable

"The Postmaster General,
"Quebec."

A letter was sent to the Postmaster General transmitting him three copies of the continuation of the printed evidence so far as received.

WM. HUME BLAKE,
Chairman.

THURSDAY, 2ND MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

The following letters were written and mailed:

"Railway Postal Service Commission,
"Quebec, 2nd March, 1865.

"Sir,

"The Managing Director of the Port Hope, Lindsay, and Beaverton Railway and Peterboro' Branch, under date of the 28th January last, states that you and Thomas Galt, Esquire, have received full authority to submit to the Commissioners the claims of that Company, as asked for in their letter of the 24th of January last, and which, in their letter of the 1st February following, they suggest might be printed, so that four copies might conveniently be furnished

"No statement of this claim has as yet been received, and the proceedings of the Commissioners have in consequence been very much embarrassed and delayed. The Commissioners would therefore earnestly request your immediate attention to the matter, and hope that it will be in your power to forward the document required without further delay.

"I have the honor to be,

"Sir,

"Your obedient servant,

"F. Cumberland, Esquire,
"Managing Director, Northern Railway Co.
"Toronto."

"(Signed,) WM. HUME BLAKE,
"Chairman."

"Railway Postal Service Commission,
"Quebec, 2nd March, 1865.

"Sir,

"The Commissioners still anxiously await the statement of the claim of your Company asked for in their letters of 24th January and 1st February last, which your Superintendent, under date of the 8th February last, stated to be then under consideration.

"As the failure to furnish this statement has been and continues to be the cause of much embarrassment and delay in their proceedings, the Commissioners would earnestly request your immediate attention to the matter, and hope that it may be in your power, without further delay, to furnish the document required.

"I have the honor to be,

"Sir,

"Your obedient servant,

"The President of the
"London and Port Stanley Railway Co.,
"London, C. W."

"(Signed,) WM. HUME BLAKE,
"Chairman."

“ Railway Postal Service Commission

“ Quebec, 2nd March, 1865.

“ Sir,

“ The Commissioners still anxiously await to receive from you statements of the claims of the Prescott and Ottawa, Buffalo and Lake Huron, and Montreal and Champlain Railway Companies.

As the absence of these statements is the cause of much embarrassment and delay in their proceedings, the Commissioners would earnestly request your immediate attention to the matter, and hope that it may be in your power to furnish them within as short a delay as possible.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ C. J. Brydges, Esq.,
“ Managing Director, G. T. R. Co.,
Montreal.

“ (Signed,) WM. HUME BLAKE,
Chairman.

A letter was sent to the Honorable the Postmaster General, transmitting three copies of further continuation of printed evidence.

WM. HUME BLAKE,
Chairman.

FRIDAY, 3RD MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received from the Post Office Department the following letter :

“ Post Office Department,

“ Quebec, 3rd March, 1865.

“ Sir,

“ With reference to the desire of the Commissioners to be informed as to when the Post Office can supply the Returns requested by the Commissioners of the weight of mails passing over the several lines of Railway in the Province, I have the honor to state, by direction of the Postmaster General, that having yesterday evening communicated with the Offices of the Inspectors under whose direction these returns are being procured the Postmaster General learns that it will yet take some days to complete them.

“ The absence of the Toronto Inspector in the United States to procure certain other information desired by the Commissioners will unavoidably delay the receipt of the Returns adverted to as regards that section of the Province.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ WM. WHITE,

“ Secretary.

“ To the Honorable

“ WM HUME BLAKE,

“ &c., &c., &c.

“ Railway Postal Commission.”

The following telegram was sent to Mr. Brydges at Montreal :

Quebec, 3rd March, 1865.

“ The Commissioners require further instructions from the Government and information from the Postmaster General, before they can continue their examination. They cannot proceed on Saturday next. They will telegraph Mr. Brydges when they are ready.

“ (Signed,)

WM. HUME BLAKE,
Chairman,

The following letter was mailed to the General Manager of the Great Western Railway Company :

“ Railway Postal Service Commission,
Quebec, 3rd March, 1865.

“ Sir,

“ The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in this Province, for the services performed by them for the Post Office Department.

They desire to examine you, upon several points connected with the case of the Great Western Railway Company, and especially respecting the contract for conveying the United States Mail, and any contract with the Express Company.

“ They require the contracts with the Express Company, if in writing, to be produced, together with the tariff if any, and also a statement of the amounts paid to the Great Western Railway Company thereunder.

“ The Commissioners require your attendance on Wednesday next, the 8th instant, at 10 o'clock, and they wish to add, that if you have any evidence to adduce in support of the claim of the Great Western Railway Company, or any statement to make, they will be prepared to receive such evidence or statement on the day named.

“ I have the honor to be,

“ Sir,

“ Your obedient servant.

“ (Signed,) WM. HUME BLAKE,
Chairman.

“ THOS. SWINYARD, Esq.
“ Gen. Man. G. W. R. Com.
“ Hamilton.”

The following letter was mailed to the managing Director of the Northern Railway :

“ Railway Postal Service Commission,
“ Quebec, 3rd March, 1865.

“ Sir,

“ The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in this Province, for the services performed by them for the Post Office Department.

“ The Commissioners require your attendance on Wednesday next, the 8th instant, at 10 o'clock, and they wish to add that if you have any evidence to adduce or any statement to make in behalf either of the Northern or of the Port Hope, Lindsay and Beaverton Railway, and Peterboro' Branch, they will be prepared to receive such evidence or statement on that day.

“ The case of the latter Company has not yet been furnished to the Commissioners nor have their tariffs as asked for.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.

“ F. CUMBERLAND, Esq.
“ Managing Director, Northern R. Co.,
“ Toronto.”

The following letter was mailed to the Managing Director of the Grand Trunk Railway Company :

“ Railway Postal Service Commission,
“ Quebec, 3rd March, 1865.

“ Sir,

“ The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in this Province, for the services performed by them for the Post Office Department.

“ The Commissioners require your attendance on Wednesday next, the 8th instant, at 10 o'clock, and they wish to add that if you have any evidence to adduce or any statement to make on behalf either of the Grand Trunk Railway Company, or of the Prescott and Ottawa, Buffalo

and Lake Huron, or Montreal and Champlain Railway Companies, they will be prepared to receive such evidence or statement on the day named.

" This letter dispenses with the notice by telegraph mentioned in the telegram sent you to-day by the Commissioners.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) "

WM. HUME BLAKE,

" Chairman.

" C. J. BRYDGES, Esq.,
" Managing Director, G. T. R. Co.,
" Montreal."

The following letter was mailed to the President of the Port Hope, Lindsay and Beaverton Railway, and Peterboro' Branch :

" Railway Postal Service Commission.

" Quebec, 3rd March, 1865.

" Sir,

" The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in this Province, for the services performed by them for the Post Office Department.

" If the Company you represent have any evidence to adduce or any statement to make, the Commissioners will be prepared to receive such evidence or statement on Wednesday next, the 8th instant at 10 o'clock, A. M.

" The Commissioners request that you will be pleased to inform them whether the Company you represent runs mixed trains only or passenger trains also.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) "

WM. HUME BLAKE,

" Chairman,

" To the President of the
" Port Hope, Lindsay and Beaverton R. Co.,
" Port Hope, C. W."

The following letter was written and mailed to the President of the London and Port Stanley Railway Company :

" Railway Postal Service Commission,

" Quebec, 3rd March, 1865.

" Sir,

" The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in this Province for the services performed by them for the Post Office Department.

" If the Company you represent have any evidence to adduce or any statement to make the Commissioners will be prepared to receive such evidence or statement on Wednesday next, the 8th instant, at 10 o'clock, A. M.

" The Commissioners request that you will be pleased to inform them whether the Company runs mixed trains only, or passenger trains also ; and they further beg to repeat to you that they have not as yet received any statement of claim on the part of your Company.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) "

WM. HUME BLAKE,

" Chairman.

" To the President of the
" London and Port Stanley R. Co.,
" London, C. W."

The following letter was mailed to the President of the Brockville and Ottawa Railway Company :

" Railway Postal Service Commission,

" Quebec, 3rd March, 1865.

" Sir,

" The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in the Province, for the services performed by them for the Post Office Department.

" If the Company you represent have any evidence to adduce, or any statement to make, the Commissioners will be prepared to receive such evidence or statement on Wednesday next, the 8th instant, at 10 o'clock A. M.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,

" Chairman.

" The President of the

" Brockville and Ottawa R. Co.,

" Brockville, C. W."

The following letter was mailed to the President of the Shefford and Chambly Railway Company :

" Railway Postal Service Commission,

" Quebec, 3rd March, 1865.

" Sir,

" The Commissioners have been engaged for some time, as you are aware, in taking evidence with a view to settling the rate to be paid to the several Railway Companies in this Province, for the services performed by them for the Post Office Department.

" If the Company you represent have any evidence to adduce, or any statement to make, the Commissioners will be prepared to receive such evidence or statement on Wednesday next, the 8th instant, at 10 o'clock A. M.

" The Commissioners in conclusion would again inform you that they have not received any statement of claim on the part of your Company.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,

" Chairman.

" To the President of the

" Shefford and Chambly R. Co.,

" Waterloo, C. E."

The following letter was sent to the Honorable the Postmaster General :

" Railway Postal Service Commission,

" Quebec, 3rd March, 1865.

" Sir,

" The Commissioners have the honor to request that you will be kind enough to furnish them at your earliest convenience, with any answers you may desire to make to the statements of the Great Western, Northern, and Brockville and Ottawa Railway Companies.

" The Commissioners further beg leave to inform you that they will be prepared on Wednesday next, the 8th instant, at 10 o'clock A. M., to receive any evidence you may think proper to adduce in connection with the subject of their enquiry.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,

" Chairman.

" Honble. the Postmaster General,

" Quebec."

WM. HUME BLAKE,
Chairman.

SATURDAY, 4TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

WM. HUME BLAKE,
Chairman.

MONDAY, 6TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a letter from Mr. Brydges, (3rd March, 1865, No. 36,) transmitting Reports, Tariffs, and Time-Tables, of the Montreal and Champlain, and Ottawa and Prescott Railway Companies.

Received from Mr. Griffin a statement of payments made to the New York Central Railway Company by the Express Company, (No. 37).

Received a telegram from the Managing Director of the Northern Railway Company, (No. 38).

The following letter was mailed to Mr. Brydges:

" Railway Postal Service Commission,
" Quebec, 6th March, 1865.

" Sir,

" With reference to your letter of the 3rd inst., in which you state concerning the Ottawa and Prescott, Buffalo and Lake Huron, and Montreal and Champlain Railway Companies, that you are not aware that there are any other statements which they have called for which have not been supplied with reference to these lines, the Commissioners desire to say that they have not as yet received a statement of your claim on behalf of either of those companies.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,
" Chairman.

" C. J. Brydges, Esq.,
" Managing Director, G. T. R. Co.,
" Montreal."

WM. HUME BLAKE,
Chairman.

TUESDAY, 7TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

The following letter was sent to the Honorable the Provincial Secretary, together with a copy of the letter of the 11th February, therein mentioned:

" Railway Postal Service Commission,
" Quebec, 7th March, 1865.

" Sir,

" The Commissioners have the honor to enclose for your information the copy of a letter addressed by them to the Honorable the Postmaster-General so far back as the 11th of last month.

" The Commissioners had the honor of addressing a further letter to the Postmaster-General upon the same subject, on the 1st inst., but they have not yet been favored with any reply to either letter.

" The Government must, no doubt, perceive that it is impossible for the Commissioners to fix the value of the services to be performed for the Government, unless they are informed what that service is to be.

" The information which the Commissioners have had the honor to request, lies at the very foundation of their enquiry. It must govern not only their decision but also the course of the enquiry upon which that decision must rest.

"The Commissioners beg leave respectfully to request that the Government will be pleased to furnish them with the necessary information at their earliest convenience.

"I have the honor to be,

"Sir,

"Your obedient servant,

"The Honorable
"The Provincial Secretary,
"Quebec."

"(Signed,) WM. HUME BLAKE,
"Chairman.

A letter was written to the Honorable Malcolm Cameron, requesting his attendance to give evidence before the Commissioners, on Thursday, the 9th instant, at 10 o'clock A. M.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 8TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Brydges and Mr. Griffin attended before the Commissioners.

WM. HUME BLAKE,
Chairman.

THURSDAY, 9TH MARCH, 1865.

The Commissioners met at ten A. M.

Present : All the Commissioners.

Mr. Brydges, Mr. Griffin, and the Honorable Malcolm Cameron attended.
The Honorable Malcolm Cameron was examined.

WM. HUME BLAKE,
Chairman.

FRIDAY, 10TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received from Mr. Brydges a letter (8th March 1865, No. 39,) stating claims on behalf of the Montreal and Champlain, Buffalo and Lake Huron, and Ottawa and Prescott Railway Companies.*

Received from the Provincial Secretary a letter (9th March 1865, No. 40,) acknowledging receipt of letter of 7th instant.

Received a letter from the London and Port Stanley Railway Company, (7th March 1865, No. 41,) stating their claim.†

A. Brunel, Esquire; attended before the Commissioners.

WM. HUME BLAKE,
Chairman.

* Printed, as the Case of the said Railways in Appendix No. 1.

† Printed, as the Case of the said Company in Appendix No. 1.

SATURDAY, 11TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received from the Brockville and Ottawa Railway Company a letter (4th March 1865, No. 42,) in answer to letter of 3rd instant.

A. Brunel, Esquire, attended before the Commissioners.

A letter was sent to Walter Shanly, Esquire, requesting his attendance to give evidence on Monday next at 10-30 A. M.

WM. HUME BLAKE,
Chairman.

MONDAY, 13TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Messrs. Griffin, Swinyard, Cumberland and Brydges attended before the Commissioners.

Mr. Swinyard's examination was commenced.

Mr. Shanly attended, and his examination was commenced.

WM. HUME BLAKE,
Chairman.

TUESDAY, 14TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present . All the Commissioners.

Received from the Postmaster General the following letter, (No. 43) :

Quebec, 14th March, 1865.

Sir,

" I am informed that A. Brunel, Esquire, can give important information upon the subject of the Enquiry upon which you are now engaged. I therefore respectfully request that he be examined."

W. P. HOWLAND,
Postmaster General.

" Honorable

" W. H. BLAKE, Chairman,

" Railway Postal Service Commission."

Mr. Griffin, Mr. Swinyard, Mr. Brydges, Mr. Cumberland and Mr. Brunel attended.

Mr. Swinyard's examination was resumed.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 15TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Griffin, Mr. Brydges, Mr. Swinyard, Mr. Cumberland and Mr. Brunel attended.

Mr. Brunel was examined.

WM. HUME BLAKE,
Chairman.

THURSDAY, 16TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Messrs. Griffin, Brydges, Swinyard and Cumberland, attended before the Commissioners.

The examination of Mr. Griffin was resumed.

Received a note from Mr. Brunel (16th March, 1865, No. 44,) stating that he was too unwell to attend.

The following letter was sent to Mr. Brunel :

“ Railway Postal Service Commission,
“ Quebec, 16th March, 1865.

“ Sir,

“ The Commissioners regret to hear that you are unwell. They have no wish to press for your attendance before the state of your health will permit ; but as it is important that those interested should know when the examination can be proceeded with, they would be obliged by your stating at what time you think you will be able to attend.

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,
“ Chairman.”

Received from Mr. Brunel an answer to the above stating that he expected to be able to attend to-morrow.

WM. HUME BLAKE,
Chairman.

FRIDAY, 17TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received from the Provincial Secretary a letter (17th March, 1865, No. 45,) enclosing the following Order in Council upon the subject of the Commissioners' letter of the 7th instant :

*COPY of a Report of a Committee of the Honorable the Executive Council,
approved by HIS EXCELLENCY THE GOVERNOR GENERAL in Council on
the 16th March, 1865.*

“ On a communication from the Railway Postal Service Commissioners dated 11th ultimo, stating that for certain reasons set forth therein, they request to be informed ‘ whether it is the intention of the Government that the Commissioners should confine themselves to fixing a rate for the use of ordinary trains, or whether it is the intention that the Commissioners should fix a rate for continuous service as mentioned in the Order in Council of 12th August, 1863, or such other service as the public interest may seem to require.’

“ The Honorable the Postmaster General submits that the views of the Post Office Department as to the description of Railway Postal Service for which the Postmaster General considered it to be desirable that the Commission should fix a value, were given to the Commissioners in the Post Office Memorandum dated 30th January last laid before them by the Deputy Postmaster General and alluded to by them in their letter to the Postmaster General of the 11th ulto. that the Department adheres to those views, but does not propose to recommend that the Government should limit the Commissioners in coming to any decision on the subject of the Railway Postal rate, within the powers granted by the Commission.

“ The Committee concur in the recommendation of the Postmaster General and respectfully submit the same for your Excellency's approval.

“ Certified,
“ (Signed,) WM. H. LEE,

C. E. C.

“ To the Honorable
“ the Provincial Secretary,
“ &c. &c. &c.”

Messrs. Brydges, Swinyard, Cumberland and Brunel and Mr. Griffin attended.

Mr. Griffin's examination was continued.

Mr. Brunel's examination was continued.

WM. HUME BLAKE,
Chairman.

SATURDAY, 18TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Brunel's examination was continued.

Mr. Shanly's examination was continued and closed.

Messrs. Griffin, Brydges and Cumberland attended.

WM. HUME BLAKE,
Chairman.

MONDAY, 20TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Brunel's examination was continued and closed.

Mr. Brydges was re-examined.

Mr. Cumberland was examined.

Mr. Griffin's examination was continued and closed.

WM. HUME BLAKE,
Chairman.

TUESDAY, 21ST MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Griffin and Mr. Brydges attended.

Mr. Brydges was heard in support of the case of the Grand Trunk Railway Company.

Mr. Brydges submitted a proposition, for the settlement by compromise of the difficulties between the Post Office Department and the Grand Trunk Railway Company.

WM. HUME BLAKE,
Chairman.

WEDNESDAY, 22ND MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Mr. Griffin and Mr. Brunel attended before the Commissioners.

The following letter was written to the Honorable the Postmaster General :

“ Railway Postal Service Commission,

“ Quebec, 22nd March, 1865.

“ Sir,

“ The Commissioners beg to be informed whether *all* the proceedings of the Commission are to be printed, and if so, what number of copies should be ordered ?

“ I have the honor to be,

“ Sir,

“ Your obedient servant,

“ (Signed,) WM. HUME BLAKE,

“ Chairman.

“ The Honorable

“ The Postmaster General,

“ Quebec.”

The following letter and Report were sent to the Honorable The Provincial Secretary :

“ Railway Postal Service Commission,

“ Quebec, 22nd March, 1865.

“ Sir,

“ I have the honor to enclose a Special Report of the Commissioners, and have to beg that you will be good enough to lay the same before His Excellency the Governor-General.

“ I have the honor to be,

“ Sir,

“ The Honorable

“ Your obedient servant,

“ The Provincial Secretary,

“ (Signed,) WM. HUME BLAKE,

“ Quebec.”

“ Chairman.

TO THE RIGHT HONORABLE CHARLES STANLEY VISCOUNT MONCK, GOVERNOR-GENERAL
OF BRITISH NORTH AMERICA, &c., &c., &c.

“ *May it Please Your Excellency—*

“ The Commissioners appointed to enquire into the Railway Postal Service have not as yet prepared their General Report. But Mr. Brydges having submitted to them a proposition in the nature of a compromise, on behalf of the Grand Trunk Railway Company, the Commissioners think that it may be useful to report that proposition separately, for the information of your Excellency, together with their opinion thereon.

“ Mr. Brydges proposes to enter into a contract with the Post Office Department for a period of five years from the 31st instant.

“ The service is to consist of a train between Sarnia and Quebec, each way daily, Sundays excepted. These trains are to leave Sarnia and Quebec respectively each evening, and are to run through continuously.

“ There is to be in addition a night train between Montreal and Toronto, each way daily, Sundays excepted. These trains are also to run continuously in connection with a day train between Sarnia and Toronto, so as to give a second continuous service between Montreal and Sarnia.

“ The above trains are to stop at such stations as may be designated by the Post Office Department.

“ Upon all branches one train at least is to be despatched each way daily, Sundays excepted, which is to stop at all stations.

“ In addition to the above the Post Office Department is to have the use of every other passenger train which may be run by the Company during the contract, and the Company obliges itself to attach a Post Office car to each train if required thereto by the Post Office Department.

“ The Post Office compartment is to consist of a space of sixteen feet long (instead of twelve feet as heretofore) by the width of the car. These compartments are to be fitted up according to a specification to be furnished by the Post Office Department, and are to be comfortably heated and lighted.

“ The Officers of the Post Office are to be carried in the Post Office Compartment free of charge, and free passes are to be issued as heretofore.

“ The price to be paid under this contract is to include the ocean mail service between Montreal and Quebec and between Montreal and the boundary line, as at present performed. This includes a special train from Quebec to Montreal whenever the steamer arrives more than five hours before the departure of the regular train. But whenever special trains are run between

Portland and Montreal by direction of the Post Office, such trains are to be paid for between Portland and the boundary line, as special trains at \$1 per mile.

"All side service is to be performed by the Company. This includes the carriage of the mails between all stations, terminal or otherwise, and the various post offices. It is to be performed under the present classification and regulations of the Post Office Department, unless altered with their consent.

"In consideration of the above service the Government of Canada is to pay the Grand Trunk Railway Company the following sums by equal quarterly payments, that is to say :

From April, 1865 to April, 1866.....	\$150.00	per mile.
" 1866 " 1867.....	152 50	"
" 1867 " 1868.....	155 00	"
" 1868 " 1869.....	157.50	"
" 1869 " 1870.....	160 00	"

"The rate to be paid for the service performed by the Grand Trunk Railway Company since 1858 is to be calculated upon the rate of \$150 per mile, deducting therefrom the side service and the special ocean service.

"It thus appears that the service proposed by Mr. Brydges is a special service well adapted to the convenience of the public and the requirements of the Post Office Department; that the Post Office Department is to have the use of all additional trains run by the Company, which, although not necessary now, may be highly important before the expiration of the contract;—that the carriage accommodation (which Mr. Griffin reports as insufficient even now on many parts of the road) is to be increased by one fourth;—that the contract includes the bag service, which Mr. Mowat estimates at \$7000 per annum on the Grand Trunk Railway; and that the Company undertake the side service and the Ocean Mail service, which have hitherto cost the Department about \$34,000 per annum.

"Upon the grounds above stated, and keeping in view the special claims of the Grand Trunk Railway Company, to be mentioned in their General Report, and considering the whole matter in the light of the evidence laid before them, the Commissioners are of opinion that a contract based upon the proposition of Mr. Brydges would be advantageous to the public service.

"(Signed,)

"WM. HUME BLAKE,

"CHAS. D. DAY,

"G. W. WICKSTEED.

"Quebec, 22nd March, 1865."

A telegram (No. 47) was received from Mr. Brydges requesting to be furnished with a copy of his letter of yesterday.

WM. HUME BLAKE,
Chairman.

THURSDAY, 23RD MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

A copy of Mr. Brydges' letter of the 21st instant was mailed to him in compliance with his telegram of yesterday's date.

Received a letter (23rd March, 1865, No. 48,) from the Provincial Secretary acknowledging the receipt of the Special Report of the Commissioners of the 22nd instant.

(Signed,)

WM. HUME BLAKE,

Chairman.

FRIDAY, 24TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present: All the Commissioners.

Received a letter from the Post Office Department (24th March, 1865, No. 49) enclosing a copy of the following Order in Council :

" COPY of a report of a Committee of the Honorable Executive Council, approved by HIS EXCELLENCY THE GOVERNOR GENERAL in Council on the 23rd March, 1865.

" On a letter from the Honorable W. H. Blake, Chairman of the Railway Postal Service Commission, requesting to be informed whether all the proceedings of the Commission are to be printed, and, if so, what number of copies should be ordered.—

" The Honorable the Postmaster General submits that, inasmuch as it has been already ordered that the evidence taken before the Commission should be printed, but little additional cost will be incurred by printing the whole of the proceedings, he therefore recommends that the whole of the proceedings be printed, and that the usual number of copies for distribution in Parliament be ordered.

" The Committee submit the above recommendation for Your Excellency's approval.

" To the Honorable
" The Postmaster General,
" &c. &c. &c.,
Quebec."

" Certified:
" (Signed,)

W. H. LEE,
C. E. C.

WM. HUME BLAKE,
Chairman.

SATURDAY, 25TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received a letter from C. W. Moberly, Esq., on behalf of the Northern Railway Company, (23rd March, 1865, No. 50,) enclosing affidavit of Hon. J. C. Morrison.*

The following letter was sent to the Hon. The Postmaster General :

" Railway Postal Service Commission,
" Quebec, 25th March, 1865.

" Sir,

" The Commissioners beg to be informed whether any additional car space is required upon any of the Railways.

" I have the honour to be,

" Sir,

" Your obedient servant,

" The Honorable
" The Postmaster General,
" Quebec."

" (Signed,) WM. HUME BLAKE,
" Chairman.

WM. HUME BLAKE,
Chairman.

MONDAY, 27TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

WM. HUME BLAKE,
Chairman.

* This affidavit is printed with the Evidence in Appendix No. 2.

TUESDAY, 28TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

Received from Mr. Cumberland a letter (24th March, 1865, No. 51,) with enclosures.

Received from the Honorable the Postmaster General the following letter :

" Post Office Department,

" Quebec, 27th March, 1865.

" Sir,

" I have the honor to acknowledge the receipt of your communication of the 25th inst, stating that the ' Commissioners beg to be informed whether any additional car space is required upon ' any of the Railways.'

" The space heretofore afforded for Post Office purposes has not been uniform on either of the main lines of Railroad, varying, as I am informed, from eight to fourteen feet in length of the car and in some cases only occupying a portion of the width of the same.

" The space thus allotted in many of the cars on the main lines of the Grand Trunk and Great Western Railways has not been sufficient to meet the requirements of the Public Service.

" On the Grand Trunk Railroad from Quebec to Sarnia and from Montreal to the Boundary Line, from Montreal to St. Johns on the Montreal and Champlain Railroad, and from Suspension Bridge to Windsor and from Hamilton to Toronto on the Great Western Railway, the space provided should not be less than fifteen feet in length by the whole width of the same, or one third of a car of forty-five feet in length.

" A space of thirteen feet in length upon all the other roads would be sufficient to meet the requirements of the service.

" I have the honor to be,

" Sir,

" Your obedient servant,

" The Honorable

" W. M. H. BLAKE,

" &c. &c. &c.,

" Chairman, Railway Postal Commission."

" W. P. HOWLAND,

Postmaster General.

WM. HUME BLAKE,

Chairman.

WEDNESDAY, 29TH MARCH, 1865.

The Commissioners met at 10 A. M.

Present : All the Commissioners.

The following letter was sent to the Honorable the Provincial Secretary, together with the report and account therein mentioned :

" Quebec, 29th March, 1865.

" Sir,

" I have the honor to enclose herewith the General Report of the Railway Postal Service Commissioners, and have to beg that you will be so good as to cause the same to be laid before His Excellency the Governor General in Council at your earliest convenience.

" The accounts of the Commission are also enclosed herewith.

" I have the honor to be,

" Sir,

" Your obedient servant,

" (Signed,) WM. HUME BLAKE,

" Chairman.

" The Honorable

" The Provincial Secretary."

WM. HUME BLAKE,

Chairman.

APPENDIX No. 1.

CASES, & C.

GRAND TRUNK RAILWAY OF CANADA.

POSTAL SERVICE.

Memorandum of the grounds of the Company's claim, drawn up for the Commissioners appointed to enquire into the matter.

The Government of Canada having, on the 15th of November last, passed a Minute of the Executive Council, recommending that a Commission be appointed to examine into the rates of payment to be made for the Carriage of Mails by Railway, and such recommendation having been approved by His Excellency the Governor General, a Commission, dated December 10, 1864, was appointed under the Great Seal of the Province, to enquire into the general question of the Railway Postal Service, especially as regards the Grand Trunk Railway, and of any other Railways which may have formally protested against the sum hitherto allowed for the Carriage of Mails.

The Commission being thus constituted, it becomes the duty of the Representative of the Grand Trunk Company to place the matter in as clear and concise a form as possible, so that the matter may be brought to the earliest possible decision.

In order to arrive at a correct understanding of the question submitted to the Commissioners, it will be necessary to enter into a statement of the case, which has been prominently before the Government and Legislature of the country for upwards of three years past.

A great deal of correspondence has already taken place upon the subject between the Government of Canada and the Grand Trunk Railway Company, and much of this has already been printed and laid before Parliament. It will not be necessary to go over the whole of the ground covered by the correspondence here referred to, but it will be the object of this Memorandum to bring forward, in the most concise way possible, the particular points involved in the controversy, so as to present the case in the shortest possible compass for the information of the Commissioners. It is hoped that the great importance of the case, involving a sum of between £2,000,000 and £3,000,000 sterling, will excuse the length to which this statement must of necessity extend.

The Grand Trunk Railway of Canada was chartered by various Acts of the Legislature, commencing in the year 1852.

This legislation followed certain enactments which had previously been placed on the Statute Book, providing for the construction of a Main Trunk Line of Railway from the Western confines of Canada to the Atlantic Ocean at Halifax, which Acts pledged the country directly through the Government, and indirectly through the various Municipalities along the line of road, to provide interest on the entire amount of the capital that had to be provided to construct this great work.

The intentions of these Acts were not actually carried into effect, the Government of Canada, in the year 1853, having succeeded in making arrangements with capitalists and others in England, by which the construction of the Grand Trunk Railway, from Quebec to Sarnia, was obtained upon [2] * terms which did not involve calling upon the Province to so large an extent as was contemplated by the Acts previously passed.

Under the arrangements made in 1853, work was commenced upon the Grand Trunk Railway, and proceeded for some considerable time until, owing in part to the injurious effects of the Russian War with England, deficient harvests in Canada, and other disturbing circumstances, the Grand Trunk fell into considerable financial difficulties, and various Acts were passed by the Canadian Parliament with reference to the position of the Company, and its arrangements with the Province.

Without attempting to enter into any lengthened details as to the various phases through which the negotiations relative to these Acts passed, it may be sufficient to say that the present amount invested by Canada in the Grand Trunk is £3,112,500 sterling, which is less than 19 per cent, of its actual cost, as shown by the latest accounts published by the Company, leaving out of the question the cost of the leased lines in the United States.

It is only right here to state that such amount of £3,112,500 is very far below the sum that would have had to be expended by the country under the provisions of the Acts to which reference has already been made, and which were passed during the years 1849-'50.

It is also to be observed that in the original conception of the Grand Trunk, many things were not contemplated which have since been executed. For instance, the Victoria Bridge. This Bridge, which is less than two miles in length, has cost nearly £1,500,000 sterling, or at the rate of nearly £750,000 sterling per mile. Neither in the original undertaking was contemplated the construction of such works as the line from Quebec to Rivière du Loup, 110 miles, costing not less than £880,000--nor that from Arthabaska to Three Rivers, 36 miles, which has cost the Grand Trunk Company nearly £300,000 sterling--neither of which are likely for a long time to come, to pay the expense of working them--as well as subscriptions amounting to £100,000 sterling to subsidiary lines in Canada West, which have been expended by the Grand Trunk, without its having ever yet received one farthing of interest on these large sums.

There has also been entailed upon the Grand Trunk Company, as a part of the arrangements, the construction of a line of 22 miles, from St. Marys to London, at a cost of nearly £200,000 sterling, which, although of great advantage to the section of country through which it passes, and important to London by connecting it with the entire system of the Grand Trunk Railway, was not an original part of the scheme.

Taking these various matters into consideration, and looking at the extreme paucity of the traffic now existing on the line from Richmond to Rivière du Loup, a distance of 200 miles, it is certainly a safe statement to make that the

* The figures in brackets refer to the page of the memorandum as referred to in the Evidence.

various works which have been here referred to, and which were not included in the original conception of the Grand Trunk Railway, but which have proved of vast benefit to Canada, have amounted to a sum equal to the entire assistance which has been rendered by Canada to the Grand Trunk Company. It cannot, on the other hand, admit of a moment's doubt that the construction of that Railway, from one end of the Province to the other, has not only enormously increased the value of every acre of land within a reasonable distance of the line, but has been productive of the greatest possible benefit to the community at large, in opening up to them throughout the year markets for their commodities, and placing them daily in communication with the various parts of the Province and with the neighbouring country.

These matters are not alluded to here for any other purpose than to point out strong moral grounds affecting the question of the remuneration [3] for postal services, and as having a very great and important weight in arriving at a fair and dispassionate consideration as to what Canada ought to pay to the Grand Trunk Company for carrying on that service.

Leaving then this question upon the general considerations which have been thus briefly adduced, it may be necessary here to state that in the year 1861 the Grand Trunk Company, which since the difficulties caused by the Crimean War had been settling into a state of considerable financial confusion, had at length found the pressure upon it so great, as to lead to a suspension of its obligations to its Bondholders.

The amount now expended on the Grand Trunk Railway is upwards of £16,000,000 sterling, of which, as has already been explained, £3,112,500 has been advanced by the Province to aid in the construction of the works.

The Grand Trunk Company got into serious financial difficulties as early as the year 1859. At that time a large portion of its works were incomplete—the extension to the Western frontier at Sarnia was unfinished—the Victoria Bridge required a very large expenditure in order to complete it—and various portions of the then open parts of the Grand Trunk Railway required considerable outlay to finish them, and to place them in a position adequately to meet the demands of the travelling and trading community, as well as to provide sufficient stations and rolling stock.

If the Company could then have foreseen the approaching depressed condition of financial affairs in Canada, they would have had no resource but to state their inability to meet the difficulties which presented themselves, and to have told the government and the people of Canada that however anxious they were to complete the Railway, and provide it with sufficient rolling stock, that the circumstances of the case had become too serious to be longer continued, and that as such a large extra expense, not originally contemplated, had been forced upon the Grand Trunk Company, they had no course open to them but to suspend the further prosecution of the works until such time as arrangements could be made for providing the necessary funds to carry them on.

At the time spoken of, very large amounts of money were required for the purposes stated.

Those most largely interested in the Grand Trunk, instead of taking that course and bringing matters to the position which would have resulted, preferred to carry on the works, entirely themselves, with very large and serious personal responsibilities, rather than that any charge could by any possibility be made against them that they had shrunk from their engagements, even although they had as they believed been in fact abrogated, by forcing upon the Company the construction of works which were not originally contemplated. The result was

that the works continued to progress, and during the early part of the year 1860 the line opened to Sarnia, the Victoria Bridge was also opened, and the entire line from Rivière du Loup to Sarnia, including extensions to Island Pond, and assistance to Western subsidiary lines, and the London branch, were all brought into actual operation.

Many parts of the work were however in an incomplete state, and the whole system was inadequately supplied with rolling stock and station accommodation.

These various deficiencies were supplied to the fullest extent that was possible.

The result was that by the middle of the year 1861, two years in fact after the parties interested ought in their own interest to have suspended operations, the Grand Trunk was in a comparatively complete state, although considerable outlay still remained to be expended, and considerable additions were required to its station accommodation and rolling stock.

The financial result of these various matters, showed that the Grand Trunk Company was in the middle of 1861, indebted to various parties in the sum of not less than £2,500,000 sterling, beyond the amount of capital actually raised.

A considerable portion of this indebtedness was due to parties in Canada, a large part to the Bank of Upper Canada, as well as considerable sums to various other parties in Canada, who had supplied rolling stock, built stations, and constructed work under contract, and the balance—a very large amount indeed—was due to parties in England, who had supplied money to carry on the works.

When from this state of matters, from the depressed state of trade in Canada, and the inadequacy of the traffic returns, it became apparent that it was impossible any longer to hope that the Company could meet its engagements, the Bondholders of the Company were notified that it was impossible to continue paying to them the interest due upon the Bonds which they held.

These Bonds to an amount of upwards of six millions sterling, were almost entirely held in England, and scattered through a vast proportion of the moneyed population of that country. The shock which was of necessity given to the credit of Canada, by the failure to meet the interest on so large an amount of bonded debt, was necessarily of the most serious kind, and a heavy decline took place in all Canadian securities.

After considerable discussion amongst those interested in the Grand Trunk Company in England, and after the parties to whom the Company was indebted in the sum of £2,500,000 already spoken of, had taken the necessary steps to as far as possible secure themselves in the payment of this large debt, it appeared to be beyond all doubt that unless some arrangement could be made by which the affairs of the Grand Trunk Company could be put upon a satisfactory footing, that great and harassing litigation must inevitably ensue, which would most seriously damage the Company in every way, and put a stop entirely to all possibility of any sums being raised for the purpose of completing the unfinished portions of the work, and providing the accommodation required to carry on the traffic.

It was also placed beyond doubt that the necessary effect of this litigation, involving as it did, questions as to who was the legal owner of the rolling stock which was working the Railway, involving as well questions affecting the lines leased by the Grand Trunk Company, and upon which its rolling stock was running, and involving a variety of other matters which it is not necessary here to enter into detail about, would result in the stopping of the working of the Grand Trunk Railway, and that too at a period of the year when the navigation of the

St. Lawrence and the Lakes was closed, and thus a most serious and fatal injury would be inflicted on the entire commercial operations of the whole of Canada.

To avert if possible such disastrous consequences, the London Directors of the Grand Trunk Railway presented a Memorial to His Excellency the Governor General of Canada, dated the 30th July, 1861, [Page 3, Blue Book No. 1.] in the following terms :—

“ To His Excellency the Right Honorable Sir Edmund Head, Bart, P. C., K. C. B., Governor-General of British North America, &c., &c., &c. :—

“ The Memorial of the undersigned, Directors in London of the Grand Trunk Railway of Canada, sheweth,

“ That your Memorialists are the Directors in London of the Grand Trunk Railway, an undertaking duly constituted by several Acts of the Canadian Legislature ;

[5] “ That for some time past the mileage of the line, extending to 1096 miles and including the Victoria Bridge, two miles in length, has been open for traffic ;

“ That, by reason of financial and other difficulties, the affairs of the Company have for nearly two years been in a state of great confusion ;

“ That the revenue from the traffic has been inadequate to provide for leased lines and interest on debenture obligations ;

“ That the Company is in debt to judgment and other creditors, to the extent of nearly two and a half millions sterling ;

“ That, as appears by the Report of the recent Commissioners appointed by your Excellency in November last, the condition of the permanent way, on several sections, is defective and requires early and extensive repair on mere grounds of public safety ;

“ That it appears also, from the Report of the same Commissioners, that there is immediate and urgent need of improved and extended station and terminus accommodation along the line, and also most urgent need of additional rolling stock to meet the necessities of the trade of the Province ;

“ Your Memorialists further represent to your Excellency ;

“ That at a large meeting of Bond and Shareholders, held at the London Tavern in this city, on the 2nd January last, a Select Committee of seven Bond and Shareholders was appointed to confer with the Directors, as regards all the affairs of the Company, and to consider schemes for equipping the line with plant and rolling stock, and for extricating the Company from its present difficulties.

“ Of this Committee, Robert Wigram Crawford, Esquire, one of the members of Parliament, for the city of London, became Chairman, and William Newmarch, Esquire, F. R. S., Deputy Chairman.

“ This Committee have during the past six months diligently prosecuted the enquiries referred to them, and have issued two Reports, namely, a first Report dated 6th February, 1861, and a second Report, dated 9th July, 1861, copies of both of which are forwarded with this memorial for the information of your Excellency.

“ At a meeting of Bond and Shareholders, held at the London Tavern in this city on the 9th July instant, the scheme of re-organization and financial relief, proposed by the Select Committee in their second report, was adopted by no more than five or six dissentients ; and the following further resolution was also adopted unanimously by the same meeting, namely : ‘ That having regard to the urgency and importance of the case, the Directors be requested to appeal to the Canadian authorities, and to take such steps as they consider necessary, with a view to the earliest possible legislation in respect of the several matters referred to in the reports of the Directors and Committee.’

“ Your Memorialists desire to represent to your Excellency that no further steps can be taken towards the reorganization and relief of the Grand Trunk Railway Company until the scheme, adopted at the meeting of the 19th July instant, has been submitted to the Canadian Legislature.

“ Your Memorialists also desire to draw the particular attention of Your Excellency to the circumstance, that the members composing the only legal Board of the Company, namely, the Directors acting at the head offices at Montreal, have tendered their resignations, and only remain in office until successors are appointed.

“ Among the most important of the recommendations contained in the second Report of the Select Committee, and adopted at the recent meeting, are :

“ (1) Proposals for raising in England a sum of £500,000 sterling for the purpose of fully completing and equipping the Line, and

“ (2) Proposals for applying to the Canadian Legislature to capitalize for a present sum of one and a half millions sterling, in Province bonds, the payment to be made to the line for postal and military service during the next ensuing 25 or 30 years.

"It is also a proposal of the Select Committee that immediate and urgent efforts should be made to give effect to these measures in such a manner as to ensure, for the autumn trade of Canada for the present year, 1861, reasonably improved and augmented accommodation as regards rolling stock and other appliances necessary for the convenience, encouragement, and safety of the traffic.

"Your Memorialists have further to represent to Your Excellency that, considering the accumulated embarrassments and the perplexing and ever-growing litigation to which the Line is now exposed and must continue to be exposed until the general scheme of re-organization, adopted on the 19th July instant, can be carried into execution, your Memorialists remain from day to day in constant apprehension that to the infinite loss and detriment of the Province, as well as of all other parties concerned, the daily traffic along the line may be suspended.

"Adverting to the facts and premises herein set forth, your Memorialists desire most respectfully to apply to Your Excellency in Council to summon together the Parliament of the Province, at the earliest possible date, at a date which your Memorialists venture most [6] respectfully to suggest should not be later than the first week in September next; and your Memorialists further venture most respectfully to suggest that among the earliest business of the proposed session should be the consideration of the scheme of re-organization and relief, which by resolutions already recited, your Memorialists were directed by the meeting of the 19th July instant, to submit to the Canadian authorities, with a view to the earliest possible legislation.

"Your Memorialists desire most respectfully in conclusion to rest this appeal to Your Excellency in Council, on the three following principal considerations, namely:

"(1) The necessity for an early decision of the Parliament of Canada, as regards the raising at once in England of a sum of £500,000 sterling, for the purpose of completing and equipping the Line.

"(2) The necessity for an early decision of the same Parliament as regards re-organizing the constitution and management of the Company, and capitalizing the payments for Postal and Military Subsidy, and

"(3) The necessity for early legislative measures directed to the removal of the accumulating embarrassments and the harassing litigation which threaten to render the daily working of the line impossible.

"And your Memorialists as in duty bound will ever pray.

(Signed,)

"THOMAS BARING,
"GEO. CARR GLYNN,
"K. D. HODGSON,
"WILLIAM CHAPMAN,
"H. WOLLASTON BLAKE.

"Offices of the Grand Trunk Railway Company of Canada,
"21 Old Broad Street, London, E. C.,
"30th July, 1861."

It will be seen from the perusal of this Memorial that three main objects were contemplated, one of which was the re-organization of the affairs of the Company in such a way that all litigation in regard to the rights of creditors should be absolutely ended, and for a defined period the rights of Bondholders in regard to foreclosing their claims for interest not paid was to be taken away from them by Act of the Canadian Parliament.

The second object was authority from Parliament to further limit the rights of the Bondholders, by authorizing the issue of Bonds, placed ahead of all existing Securities to the extent of £500,000 sterling, to provide for deficient Station accommodation and Rolling Stock required to carry on the Railway;

And, thirdly, for such arrangements in regard to the Postal Service, which had never up to that time been adequately paid for, as would provide a fund out of which the Creditors of the Company, to the extent of £2,500,000 sterling, whose rights were to be taken from them, might receive some interest upon that large outlay, incurred as it had been for the benefit of the Province of Canada, in the completion of the unfinished portions of the Railway and the Victoria Bridge, and which, if they had not been so provided by such Creditors, must of necessity have been borne by Canada itself.

It is hardly necessary here to argue that Canada could never have permitted the Grand Trunk Railway to remain in an incomplete state, and to have had it stopping at some intermediate point between Toronto and Sarnia in the middle of a forest, or to have had the Victoria Bridge incomplete, connecting as it does the Eastern parts of Canada with the West, and forming the only possible means of communication, during winter, between the whole of Canada lying to the north of the river St. Lawrence and the Atlantic Ocean.

If, in the early part of 1859, the Grand Trunk Company had declared their entire inability to meet the demands which were then pressing upon them, and stated that they could not under any circumstances advance the amount of money necessary to finish the works referred to, it is perfectly obvious that Canada itself, in some form or under some obligation, must have [7] stepped in and provided the Securities or the means by which the necessary amount could have been obtained.

The result of the Memorial, which has just been set forth at length, was, that on the 1st of October, 1861, [page 5, Blue Book No. 1,] the Minister of Finance presented a Report to the Executive Council, which was printed for the information of Parliament.

This Report to Council, after recounting the prayer of the Memorial, states it is not "necessary to do more than advert to the disastrous consequences which " would flow from a stoppage of the line : so far as it may be possible to avert " such a calamity, without imperilling other and more important interests, he " believes it to be the duty of the Government to recommend the Legislature to act." He then proceeds to state that the then rate of payment for postal services to the Railways in Canada had been protested against by all the Railways in the Province.

He proceeds to argue that the mode hitherto adopted in fixing the rate of payment was open to considerable question, and that it was desirable that the whole matter should be reconsidered, and that inasmuch as the views of the Government and of the Company, as to the rate to be paid, widely differed, it was recommended that the whole question should be submitted to the arbitration of three disinterested persons. The Minister of Finance pointed out in his Report that it would be necessary, in connection with this measure, to secure an entire and perfect re-organization of the affairs of the Company, so that all danger to the Country of the disastrous effects which would flow from a stoppage of the Line would be absolutely and entirely removed.

It appears to have been at first proposed in England, that a period of rest extending over five years should be given to the Company, during which the rate of interest upon its Bonds should be reduced, and all power from the holders of them to exercise any legal rights should be suspended ; and the Minister of Finance expressed his opinion that such period was too short, and insufficient to allow of the recovery of the Company from the difficulties with which it was surrounded.

The Minister of Finance stated he did not consider it desirable that one of the prayers of the Memorial, for an early meeting of the Legislature, should be acceded to.

This Report was adopted by Council and a copy of it communicated to the Company. Immediately upon the receipt of this answer from the Government, the various parties interested in the Grand Trunk Railway determined to meet the views expressed by the Government, and to provide for such a thorough reorganization of the affairs of the Company as would place all risk of the stoppage of the line from any legal measures entirely out of the question.

Accordingly, in the next Session of Parliament, viz., the beginning of the year 1862, an Act was introduced, which received the Royal assent on the 9th of June in that year, and this Act was subsequently accepted precisely as it passed the Legislature by the Creditors, Bondholders, and all others interested in the Company.

This Act, to which the attention of the Commissioners is respectfully requested, commences with the following preamble :

“Whereas the interest on all the Bonds of the Grand Trunk Railway Company of Canada is in arrear, as well as the rent of the Railways leased to it, and the Company has also become deeply indebted, both in Canada and in England, on simple contract, to various parties and corporations, and several of its creditors have obtained judgments against it, and much litigation is now pending ; and whereas the keeping open of the Railway for traffic, which is of the utmost importance to the interests of the Province, is thereby imperilled, and the terms of a compromise have been provisionally settled between the different classes of creditors and the Company, but in order to facilitate and give effect to such compromise, the intervention of the Legislature of this Province is necessary. Therefore, &c.”

The main features of the Act are :---

Firstly,---That all right of action, whatever, which the Creditors of the Company might have or had up to that time, in regard to levying for their claims upon the Rolling Stock and other property of the Company, should be absolutely ended, and every right which, as Creditors, they might possess, absolutely taken from them by the authority of Parliament.

Secondly,---The existing Bondholders were placed in an inferior position to what they previously occupied, by Parliament enacting that the Company should have the right to issue £500,000 sterling of Bonds, carrying interest at 6 per cent, which should be a first charge upon the entire net profits of the Company, and to the extent of that interest of £30,000 sterling a year, injuring, of course, the Securities then held by the existing Bondholders of the Company.

Thirdly,---That all the Bondholders of the Grand Trunk, holding an aggregate of £6,500,000 sterling, should absolutely be debarred from exercising their rights and claims, not only in respect to all overdue interest then existing, and amounting to a very large sum, but also should be prevented from exercising their rights for a period of ten years from the passing of the Act, if the net Revenue of the Company was insufficient to pay them interest on the money which they had embarked in the undertaking, besides being compelled during the ten years to accept lower rates of interest.

Thus the first and second Bondholders, who held a first charge upon the property of the Company, and were entitled to interest at six per cent upon their Bonds of £3,112,500 sterling, had their interest compulsorily reduced to five per cent. for ten years.

Bondholders, who about the date of the passing of the Act, held Bonds amounting to £500,000 sterling, the principal of which was just about to mature and the interest largely in arrear, were compelled to exchange their Bonds for Preference Shares, the interest upon which for a period of ten years was to be reduced from seven to four per cent., and their rights of proceeding, in the event of non-payment of even the reduced rate of interest, absolutely taken away from them.

In like manner, a further class of Bondholders, holding in the aggregate £3,000,000, and bearing interest at six per cent., whose Bonds matured at various periods, and the interest upon which was then largely in arrear, were destroyed as Bondholders, and compelled to accept Preference Shares in the Company, carrying interest for a period of ten years at three per cent. instead

of six, and all rights taken from them as Bondholders during such period of ten years, if the Company was unable to pay the interest even at the reduced rate.

The perfect re-organization of the financial affairs of the Company was thus provided for, as desired by the Government of Canada, and all possibility of the power of any parties, either Creditors or Bondholders, who were in a position to embarrass its further proceedings, was absolutely removed by the passing of the Act of the Canadian Parliament.

It is believed that there is no instance on record in any country, where similar proceedings have been taken, and where parties whose money had been expended in bringing a line of Railway into existence, were found ready to sacrifice their legal rights, and to take away from themselves all those protections which the law, as it existed prior to the 9th of June, 1862, afforded them.

The faith upon which all these measures were adopted, suggested by the Government itself,---on which the Act of Parliament to which reference has [9] been made was based and concurred in,---abrogating all the legal rights and powers of the Creditors and Bondholders,---was upon the Minute of Council adopted on the 2nd October, 1861, (Page 7, Blue Book No. 1.) approving the Report of the Minister of Finance, that the Government of Canada would immediately refer the question of the remuneration of Postal Services to arbitration, and thus enable the company to carry out the 1st, 2nd and 25th clauses of the Act of Parliament of the 9th of June, 1862, which provided for the payment of the debts of the Company by the issue of Postal Bonds, the interest of which was to be met by the 1st clause of the same Act, appropriating specially to that purpose the earnings of the Company for Postal and Military services.

Upon this point it is perhaps right to call attention to the letter addressed by the President and Managing Director of the Grand Trunk Company on the 21st July, 1862, (Page 23, Blue Book No. 1.) the concluding paragraph of which, as well as the tenor of the entire letter, shows distinctly that the parties interested in the Company consented to allow a "large reduction in their legal rights, creditors "and others postponed and delayed pressing their just claims, on the faith of the "immediate settlement of the Postal question---by which alone, under the terms "of the Act of 1862, the creditors could be paid---by a reference to arbitration;" in point of fact this was the basis upon which the compromise entered into by all parties was effected, and if it had not been for its being believed that the honor of the Government of Canada was pledged to that question, it is quite certain that the parties interested would not have consented to the terms of the Act of June 6th, 1862, and that in consequence the whole affairs of the Company would have been thrown into inextricable confusion, and legal difficulties rendering a stoppage of the Line as a means of communication, especially in winter, made positively certain.

It would indeed be almost impossible to imagine, if it were not in truth the fact, that in January, 1865, the question of the payment to be made for Postal services performed by the Grand Trunk Company could, after the circumstances which have been related, be still unsettled.

It is necessary to go back a little, and to state the history of the question since the date of the Minute of the Executive Council, appointing the arbitration, of the 2nd October, 1861. That decision of the Government was communicated to the Company in a letter from the Provincial Secretary, dated October 3rd, 1861. (Page 7, Blue Book No. 1.)

It was on the following day, October 4th, 1861, (Page 10, Blue Book No. 1.) accepted by the representative of the Company, and the arbitrator of the Company named, viz : J. W. Brooks, Esq., of Boston. In that letter of acceptance

the dangers which existed to the carrying on of the working of the Line during the coming winter were distinctly pointed out, but it was stated that no effort should be wanting to keep the Line open for the benefit of the Province during the winter.

The Government shortly after this appointed the Hon. George Moffatt, of Montreal, arbitrator on the part of the Government. These gentlemen met on several occasions, and proceeded with the task entrusted to them.

In the month of May, 1862, the question of the appointment of the third arbitrator became pressing, as the two already nominated had, it was understood, approached a consideration of the question to an extent which rendered it probable that they would either speedily agree on the amount to be recommended, or the necessity would become apparent of referring their different views to a third arbitrator. The selection of the third it appears was not to be left to the two who had been already appointed, but the Government reserved to themselves the right to concur in the nomination of the person to be appointed as such third arbitrator. Communications [10] had passed between the Government and the Company upon the subject, and on the 17th May, 1862, (Page 19, Blue Book No. 1.) the Representative of the Grand Trunk Company addressed the Provincial Secretary, stating the readiness of the parties interested in the Grand Trunk Company to accept Mr. Chief Justice Draper, who had been proposed by the Government as the third arbitrator in the matter. That letter was acknowledged by the Provincial Secretary on the 26th of May, 1862; (Page 21, Blue Book No. 1.) and on the 9th of June, 1862, (the very day upon which the Royal assent was given to the Act reorganizing the affairs of the Grand Trunk Company, and taking away the rights of its creditors and Bondholders), the Government addressed a communication to the Hon. Mr. Chief Justice Draper, announcing to him that he had been selected as third arbitrator, and enquiring whether it would be in his power to act in the matter. To this letter Mr. Draper, on the 11th of June, 1862, (Page 20, Blue Book No. 1.) replied, accepting the appointment conferred upon him by His Excellency.

It will thus be seen that during the period between that when the Grand Trunk Company accepted the suggestions contained in the Report of the Minister of Finance of the 1st of October, 1861, and the passing of the Act on 9th June, 1862, reorganizing the affairs of the Company, that much communication passed between the Company and the Government upon the question of the postal arbitration, and that two arbitrators—one appointed by the Company, and the other by the Government—were almost continually at work enquiring into the matter which had been referred to them. Upon this point it may be as well to call attention to a letter dated May 23d, 1862,---(Page 17, Blue Book No. 1.) addressed to the Postmaster General, and signed by Messrs. Moffatt and Brooks, asking for certain information in regard to the matters into which they were enquiring as arbitrators, and to the reply of the Deputy Postmaster General, written, as he states, by direction of the Postmaster General, dated May 27th, 1862; as well as the document immediately following, dated May 26th, 1862, (Page 18, Blue Book No. 1.) signed by the Deputy Postmaster General, which memorandum appears to have been prepared for the purpose of being submitted to the arbitrators who were engaged in their enquiry.

It may perhaps be as well here to state that a paper dated April 21st, 1862, (Page 28, Blue Book No. 1.) was prepared and laid before the arbitrators, Messrs. Moffatt and Brooks, by the latter, as embodying his views as to the rate of compensation which ought to be paid for the mail service, and also that in July, 1862---(Page 50, Blue Book No. 1.) the exact day not being mentioned---

the draft of a letter to Mr. Brooks in reply to his statement, was prepared by Mr. Moffatt, as containing his first impressions on the case submitted by Mr. Brooks, and which, as he himself states, he should be happy to discuss with Mr. Brooks at their next meeting. It is believed that this paper was prepared by Mr. Moffatt, and ready to submit to Mr. Brooks in the beginning of the month of July, 1862.

It is now necessary to state that after all the facts which have been here set forth, showing the deliberate action taken by the Government since the passing of the Minute of Council on the 2nd of October, 1861, with reference to settling the Postal question by arbitration, and the date of the passing of the Act, when on the faith of such arbitration, and immediate settlement of the question, all parties agreed to such large sacrifices, that the Government of Canada, on the 14th of July, 1862, passed a minute revoking the appointment of arbitrators, and putting an entire and complete stop to all further proceedings. This minute was communicated to the arbitrators, and to the [11] authorities of the Grand Trunk Company, on the 16th of July, 1862, (Page 22, Blue Book No. 1.) in the following terms :---

“ PROVINCIAL SECRETARY’S OFFICE, 16th July, 1862.

“ Sir,

“ With reference to previous correspondence on the subject, I have the honor to transmit to you herewith a copy of an Order of His Excellency the Governor General in Council on the subject of the remuneration to be paid to the Grand Trunk Railway Company for Postal Service.

“ I have the honor to be, Sir,

“ Your obedient servant,

“ (Signed,)

“ A. A. DORION.

“ EDWARD WATKIN, Esquire,

“ Superintending Commissioner, G. T. Railway.”

It will be observed that the Minute of Council and the letter of the Provincial Secretary simply announces the determination of the Government to stop the arbitration. Reference is requested to the reply from the Company, which has already been referred to, dated July 21, 1862, (Page 23, Blue Book No. 1.) It will be thus seen that whilst the Company faithfully and fully adopted the views which had been set forth in the Minute of Council of October, 1861, and in consequence of this got the Creditors to abandon their legal rights, and the Bondholders to agree to an absolute suspension of their rights for a period of ten years and to large reductions in the rate of interest to which they were entitled ; that within 36 days of the Royal assent being given to the Act enforcing these concessions on the part of the Creditors and Bondholders, the Government failed to fulfil their promises, on the good faith of which the Creditors and Bondholders had undertaken all the obligations cast upon them by the Act of 1862, and thus secured for the benefit of Canada, the otherwise deeply imperilled continued working of the Grand Trunk Railway.

It is now nearly two years and a half since the Order in Council of the 14th of July, 1862, was passed by the Government, and yet in all that time no settlement has been come to upon the Postal question, and the Creditors of the Grand Trunk Company are still without anything whatever for the large amounts which they advanced for the benefit of the Company and of Canada.

Attention should here be called to the fact that the letter of the Grand Trunk Railway Company, dated 21st July, 1862, has never been answered in any way or shape, and the statements contained in it may therefore be taken to be entirely beyond the power of the Government to meet or deny.

A meeting of the Bond and Shareholders of the Company was held in England on the 8th of August, 1862, when the announcement was made that the

Government had rescinded the Order referring the question to arbitration. In consequence, one of the resolutions passed at that meeting directed the following Memorial to be presented to the Governor General of Canada :—(Page 6, Blue Book No. 1.)

“ To the Right Honorable the Governor General of Canada in Council :—

“ The Memorial of the Grand Trunk Railway Company of Canada, sheweth,

“ That at a meeting of the Shareholders and Bondholders in the said Company, held in London yesterday, the 8th day of August, 1862, it was resolved as follows :—

“ That this meeting deeply regrets to learn that the Postal arbitration proposed by the late and acted upon by the present Government of Canada has, notwithstanding, been recently rescinded by the Governor General in Council ; and regarding this act as tending to destroy confidence in the official acts of the Province, this meeting directs the Board to memorialize the Governor General in Council on the subject, not doubting that a measure of such impolicy and injustice will be recalled.

“ That your memorialists respectfully refer the Governor General in Council to the communication addressed to the Provincial Secretary, signed by the President and Managing Director of this Company, and dated 21st July, 1862.

*“ That on the faith of the settlement by arbitration of the Postal remuneration, payable to the Company for a period of years, and of the promise of legislation in favor of the Grand Trunk Railway Company, the Grand Trunk Railway was kept open during the perilous events of the past winter.**

“ That in the same faith the Bond and Shareholders of the Company agreed to large concessions, and the creditors submitted to a composition of their claims, with a view to the restoration of the credit of the concern.

“ That thus a total money interest of about £15,000,000 sterling has been affected in all its relations by the accepted proposals of the Governor General in Council, now proposed to be revoked.

“ That a great number of the persons interested are resident in England, and rely for the protection of their property upon the good faith and honor of the Canadian Government.

“ That those persons never could have anticipated that after an interval of nearly eleven months, in which a Session of the Canadian Parliament has been held, and during which the question of the Grand Trunk Railway has been in constant discussion, a solemn proposal, made, accepted and acted upon in reference to such enormous interests, would be revoked without notice or justification.

“ That the plea that the reference of the question to arbitration is illegal, even if well founded, cannot suffice under the circumstances of this case, for the Governor General in Council can adopt, and order to be paid to the Company, the amount which the calculation of the arbitrators should show to be true.

“ That as no individual can, according to the admitted legal maxim, ‘ take advantage of his own wrong,’ it is respectfully urged that still less ought a Government, representing the honor and good faith of a great country, to make use of, at best, a technicality of law to overturn the settlement of an admitted injustice in a mode which must be regarded as just and equitable, both towards the Company and the Province, the more especially as in this case, the existing Government have proceeded to the completion of the court of arbitration itself and have acted in the enquiry.

“ You Memorialists, therefore, respectfully pray that the arrangements for arbitration may be forthwith carried out in good faith in accordance with the Order in Council of 2nd October, 1861.

“ (Signed,) THOMAS BARING,

*“ Chairman of the London Directors and of
“ Special Meeting held on 8th inst.*

“ J. M. GRANT,

“ Sec. Grand Trunk Railway of Canada.”

No answer was ever returned to that Memorial, any more than to the letter of the President and Managing Director of the Company, written in Canada, dated July 21st, 1862.

The representative of the Company continued to press for a settlement of the question, involving as its non-settlement did, such large interests, and greatly

* The Tenth year.

depreciating the resources and credit of the Company, and thus preventing it from providing those increased facilities which it was so essential to the trade of the country should be secured with as little delay as possible.

After many verbal discussions between the representative of the Company and members of the Government, the matter was again taken into consideration by the Postmaster General; and on the 29th of October, 1862, or upwards of four months after the passing of the Act of the 9th of June of that year, the Postmaster General made a Report upon the subject, which was adopted by the Executive Council on the 30th of October, 1862. (Page 68, Blue Book No. 1.)

It is necessary to call the attention of the Commissioners to the reply to that Report of the Postmaster General, dated 26th November, 1862. The Report of the Postmaster General of the 29th of October, 1862,---after entering into very considerable discussion of the question for the payment to be made for carrying the Mails on the Grand Trunk Railway,---expresses his entire inability to arrive at any satisfactory conclusion, and recommends [13] that the Governor go back to what had been agreed upon upwards of twelve months before, viz: on the 2nd of October, 1861, and refer the whole question to the arbitration of disinterested persons, after an Act of Parliament had been obtained authorizing such reference to be made.

He put forward this view on the ground amongst others that it was the manner in which these questions were usually settled in England, and that there could be no reason why the same process should not be adopted here. This was adopted by the Executive Council, who reported their concurrence in the views and recommendations submitted in the Postmaster General's Report.

The Postmaster General who had made the Report of the 29th of October, 1862, accordingly introduced a Bill, providing for the reference of all questions affecting the rate of payment to be made by the Government to Railway Companies for the carriage of Mails to arbitration. A copy of this Bill as introduced by the Postmaster General is herewith submitted.

The Government which introduced this Bill was not able to command a working majority of the Legislature, and as difficulties were encountered in passing several of their measures, this one was not ultimately proceeded with, and remained at the close of the session on the Orders of the Day.

After the close of the session of 1863, a change of Ministry took place, and also a general election, and it was impossible to get the attention of the Government to the postal matter until some time afterwards, although every effort was made to have the question disposed of. In the changes which had taken place in the Government a new Postmaster General had been appointed, and it appears that he took the question into consideration, and on the 13th of August, 1863, (page 90, Blue Book No. 2,) a letter was received from the Secretary of the Post Office Department, enclosing a copy of an Order of the Executive Council, dated the day previous, fixing certain rates of payment for the carriage of mail service.

This communication, which was not accompanied by the report of the Postmaster General, on which it was founded, and which was not made known to the Company, or communicated to the public, for many months afterwards, was immediately protested against on the 14th August, 1863, by the Grand Trunk Company, and it was stated that application would be made to the Attorney General for permission to file on behalf of the Company a petition of right, to have the whole matter in dispute brought under the consideration of the Courts of law of the country. The petition of right referred to was drawn up by the Honorable J. H. Cameron, Q. C., of Toronto, and duly presented to His Excellency the Governor General, but the fiat of the Attorney General was

refused, as will be seen by the following letter from the Assistant Provincial Secretary :

“ Quebec, 13th October, 1863.

“ Sir,

“ I have the honor to inform you that His Excellency the Governor General has had before him the petition of right of the Grand Trunk Railway of Canada, under date of the 1st instant, signed by the Honorable J. H. Cameron. His Excellency directs me to state that he is advised that the opinion of the Honorable Attorney General for Upper Canada is adverse to the granting of the fiat prayed for in that petition ; under these circumstances His Excellency must decline to accede to the prayer of the petition.

“ I have the honor to be,

“ Sir,

“ Your most obedient servant,

“(Signed,)

E. MEREDITH,

“ Asst. Secretary.”

“ C. J. BRYDGES, Esquire.”

[14.] This was just at the close of the session following the general election of 1863, and although the matter was pressed whenever opportunity presented itself, nothing was done.

Another change of Ministry took place early in 1864, but any action was prevented by the evenly balanced state of political parties, resulting in the creation of a partially new Ministry, and the consequent derangement of business for a time.

The discussion of the Confederation question, and the consequent absence of leading members of the Government from Canada in the Lower Provinces, prevented the Postal matter being taken up, but on their return the question was again pressed upon their consideration, and after a good deal of verbal discussion by the Representative of the Company before the Executive Council, the present Commission has been appointed, and the matter is now, it is to be trusted, nearing a final decision.

This history of the case will put the Commissioners in possession of the circumstances which have arisen since the Company fell into financial embarrassment, and will, it is respectfully submitted, entitle the claim on the part of those, interested in the Grand Trunk Company as Creditors and Bondholders, to a fair and liberal consideration, inasmuch as whilst they, the Creditors and Bondholders, have abandoned all the rights to which they were entitled, the ground upon which such abandonment was forced upon them has been hitherto not carried out by the Government, and the consequence has been, not only very serious loss and injury to them, but great loss to the general credit of the concern by the difficulties and delays which have been here set out.

Having premised this statement it will now be the duty of the Company to proceed to discuss the question as to what is a proper amount to be paid to the Grand Trunk Company for the carriage of mails.

The attention of the Commissioners is respectfully called to documents which have already been referred to, one dated April 21st 1862, (Page 28, Blue Book No. 1.) containing the grounds upon which Mr. Brooks, the arbitrator for the Company, submitted his case to the consideration of his brother arbitrator. Then the draft of a paper drawn up by Mr. Moffatt, dated July, 1862, (Page 50, Blue Book No. 1.) containing his first impressions of the case, after considering Mr. Brook's statement, and which he had put upon paper for the purpose of discussing them with Mr. Brooks, when they met, and comparing notes. It is also necessary here to call attention to a paper dated the 13th of August, 1862, (Page 54, Blue Book No. 1.) sent to the Government of Canada, pointing out certain inaccuracies into which the Hon. Mr. Moffat had fallen, and which inaccuracies

clearly demonstrated the fact that the conclusions arrived at by Mr. Moffatt were entirely inadequate.

It is necessary to notice that this paper dated August 13th, 1862, was sent directly by the Company to the Government, because on the 14th July, previous, the arbitration had been broken up, and it was only after it had been so disposed of, that the papers of the different arbitrators were placed before the Company, and they thus had an opportunity of pointing out the errors into which Mr. Moffatt had fallen.

It may perhaps be hardly necessary to dwell upon the importance of Railway transport to the Mail Service of the country, but it can do no harm to put into this statement, extracts from the reports of different Postmaster Generals, pointing out the great advantages to the country which were derived from the fact that the Mail Service was carried on by Railways instead of by the old means of conveyance.

[15] Thus the report for the year ending March 31st, 1856, contains the following passages :—

"The sections of the Grand Trunk Railway lying between Brockville and Toronto became available for mail transport in October, 1856; and thus, by uniting at Toronto with the Great Western, completed the line of postal communication by railway between Quebec, in the east, and Windsor, in the extreme west. This, therefore, appears to be an appropriate time to draw attention to the effect of this change in the acceleration of the mails, especially in the winter season; and the following comparative statement will show what the time occupied in the conveyance of a letter was in the winter, only four years since, between Quebec and some of the principal cities and towns to the westward, and the present course of post by railway mail :—

	" In 1853.	In 1857.
" Quebec to Windsor	10½ days.	49 hours.
" London	9 "	45 "
" Hamilton	8 "	42 "
" Niagara	8 "	50 "
" Owen Sound	10 "	3½ days.
" Guelph	9 "	51 hours.
" Toronto	7 "	40 "
" Cobourg	6 "	36 "
" Belleville	5 "	34 "
" Kingston	4 "	31 "
" Brockville	3 "	29 "
" Ottawa	3 "	14 "

"The advance thus gained between the more distant points applies also to the reduction of the time occupied in conveyance between intermediate places, and will be shared, in a greater or lesser degree, by nine-tenths of the whole correspondence of the Province; for at least that portion of the letters conveyed by mail partake in the benefit of railway transport. Besides this gain in speed further important advantages are reaped, in the comparative immunity of railway mail conveyance from the irregularities, the damages from exposure to the weather, and other causes of injury unavoidably incidental to the transport of heavy mails by stage or waggon over the ordinary roads of the country and, above all, in the greater security from robbery or loss whilst en route."

And again, in the Report for the year ending September 30th, 1857 :

"The Railway Mail service has been performed with satisfactory regularity during the past year, and now extends over 1,418 miles of Railway Mail route, of which 8145 miles have a service of not less than two mails a day each way.

"On all the more important Railway Lines the mails are carried in post offices fitted up in a convenient portion of a railway car, and especially appropriated for their reception; and these Railway post offices are in charge of Post Office clerks who travel with the trains, and assort, distribute and otherwise prepare the mails and collect letters whilst en route to and from the several points on the line.

"The Railway Mail organization is fast assuming the proportions of a separate and most important branch of the establishment. Already more than 40 clerks are specially employed in the Railway Post Office service, travelling each clerk from 600 to 1000 miles a week, in the performance of the above described duties.

"The duties assigned to the Railway Mail clerks are extremely arduous, and require for their efficient performance a more than usual degree of intelligence and readiness in the person employed,

combined with accurate general knowledge of Post Office duties and regulations, strict integrity and propriety of demeanour, under circumstances which subject these qualifications to unusual severe tests, and physical capability to endure the very considerable bodily fatigue and exposure which naturally attach to the employment."

And in the Report for the year ending September 30th, 1859 :

"The Mails have been conveyed by the Contractors during the past year over the various post routes in the Province with very praiseworthy fidelity. The irregularities have been infrequent and of a minor character, and it has therefore been necessary to impose but few fines for defaults.

"Much of the satisfactory condition of this branch of the service is undoubtedly attributable to the enjoyment of the advantage of Railway transport for all the mails over all the great leading lines of post route,—for the punctuality of movement given by Railway conveyance to the connecting links of mail travel, and the regular delivery secured at all the principal points by a description of conveyance but little influenced by the variations of weather or of the seasons, as a matter of course greatly facilitate the observance of punctuality in the transport of the Mails over the country post routes, and lead to a comparative regularity in Mail service generally, not attainable in former years."

[16.] It may also, perhaps, be as well to call attention to the great increase which has taken place not only in the Postal communication throughout the country, but in the consequent revenue which the Post Office Department has derived from such increased facility of communication. The Railway Mail transport may be considered to have been introduced into the country in the year 1853. It will therefore be fair to take the Business and Revenue of the Post Office Department for the year 1852, before any Railways were opened, and compare it with the Business of the year 1863, when the Railway system may be said to have been complete :

The following table will exhibit the great changes that have taken place :

	1852.	1863.
Number of Miles of Post Route	8,618	15,327
Letters by Post.....	3,700,000	11,000,000
Postal Revenue.....	\$230,629	\$759,475

It will thus be seen that the increase in the number of letters is about 300 per cent., and in the POSTAL REVENUE NEARLY 330 PER CENT.

The Postmaster-General's Report for the year ending March 31st, 1856, states that 9-10ths of the whole correspondence of the Province partakes of the benefit of Railway transport.

It is not intended to assume that the above increase is entirely owing to improved means of communication afforded by Railways, but there is no doubt that a very large proportion of the increase is due to that fact, combined, of course, with another important fact that the existence of Railway communication has drawn large numbers of persons to the country, has in that way increased the population and undoubtedly increased the wealth of the country, and, of course, therefore tended to the benefit not only of Canada as a whole, but of the Post Office Department in particular.

As an illustration of this, it may be stated as showing the important benefit which Railways have been to the country; that it appears, from the Post Office Statistics, comparing the number of letters in 1852 and 1863 with the population of those respective periods, that each person in the Province is now writing double the number of letters that was the case before the introduction of the Railway system. It may also be stated as one of the effects of the introduction of the Railway system,—improving the value of lands, increasing the value of the products of those lands, and in a variety of ways adding to the wealth of the country,—that although the population, since the introduction of Railways, has increased upwards of 40 per cent., the importations per head of the population are in value now \$18.50 as compared with \$17.50 per head of the population

ten years ago, whilst the exports during the same period of time have risen from \$13 per head of the smaller population to \$17 per head of the present largely increased population. The wealth of the country is, therefore, largely increased.

Whatever, therefore, may be said in regard to the railway system of the country, it is quite clear that facts conclusively prove, both in regard to the Postal facilities afforded and availed of by the population, the Revenue derived by the Post Office Department from mail matter, the increase in population, the increased value of importations per head of the population, and also the increased value of the exports per head of the population, that the Railway system has conferred advantages upon Canada which have enabled it to occupy the position which it now does, and without which system it certainly would not have progressed in the remarkable manner which it has done.

Having made these general remarks, it may be well now to point out the rates of payment which are made in the other countries to Railway Companies for the transport of mails. In England, as the Commissioners are no doubt aware, the law authorizes and requires all questions of difference between Railway Companies and the Post Office Department, in regard to the payment for the carriage of mails, to be referred to arbitration, the Government nominating one arbitrator, and the Company the other, and these two appointing a third, whose decision is final and binding upon the parties. Many of the cases are settled without difficulty by mutual agreement between the Government and the Companies, but in a great many cases the matter is referred to arbitration in the way already described.

In 1854, since which time the rates of payment by the Post Office Department in England to Railway Companies has increased, a return was laid before a Select Committee of the House of Commons, showing the rates of payment made by the Post Office Department to the different Railway Companies in the United Kingdom, and showing also the mode in which the settlement had been arrived at.

The Grand Trunk Company has no information of any Return similar to this laid before the English Parliament at a later date, but inasmuch as in the year 1854, the Railway system in England was in a far more complete and profitable condition to the parties who had brought that system into operation, than is at present the case in Canada, it will certainly not be unfair to the Post Office Department to take that return as the basis of the payments made in England, the Company believing that a due consideration of all the circumstances would show that the existing position of affairs in Canada would require considerable addition to be made to the scale of pay adopted in England at the date of the return referred to.

From this Return it will be found that on the York and Berwick line the Mail Service is paid for at the rate of three shillings sterling (3s.) per mile run.

As there are no trains running upon the Grand Trunk of Canada carrying mails, performing an aggregate of nearly one million of miles per annum, it would follow that a similar rate of payment here, would give the Grand Trunk Company \$750,000, or at the rate of at least \$750 per mile per annum.

On the London and North Western Railway between London and Birmingham, the rate paid is about (2s. 4d.) two and four pence sterling per mile run. That was settled by agreement between the Company and the Government without the necessity for arbitration. On the mileage of trains carrying mails on the Grand Trunk Company, the same rate would give about \$600 per mile per annum.

On the London and Dover Railway the rate paid was (2s. 3d.) two and three pence per mile. If applied to the trains carrying mails on the Grand Trunk Railway, this would give nearly \$600 per mile per annum. The two last Lines mentioned are both Railways which have a very large amount of passenger traffic, and which therefore are for the purposes of that passenger traffic, running trains constantly during both day and night. The mail service which is always carried by passenger trains, can therefore be much more readily and economically transported by these English Companies, when they have trains which they require to run for other purposes than mail service. This cannot be the case with the Grand Trunk Company, where the passenger service is of limited amount, and does not require the running of as many trains as the Post Office Department require for the proper transmission of their mail service, and the running of which trains has tended so largely to increase the amount of revenue they are annually receiving from the carriage of mail matter.

[18.] Many other instances besides these here named could be quoted in England, but it may be as well to state that the rates paid both in the United Kingdom and on the American continent vary very greatly, and that it is very difficult indeed to arrive at any actual standard, taking simply the experience of payments made in other countries.

It will be necessary presently to speak of the fair claim which the Company has to extra remuneration from the fact of the great cost of the Victoria Bridge. Attention will then be called to the payment made to the Chester and Holyhead Company in England, where a bridge under somewhat similar circumstances---but of much less size and cost---exists; but that question will more properly come under the discussion when the Victoria Bridge is alluded to, and reference to it is therefore omitted here.

In Ireland, where the passenger traffic on the railways is considerably less than it is in England, it appears from the return that the average rate of payment is higher than in England. A fair inference from this state of facts is, that the Post Office Department, or the arbitrators appointed to determine the question, consider that the absence of (comparatively) so large an amount of passenger business, entitles the Companies to higher remuneration for carrying mails, because it is evident that lines of railway which do a very large passenger traffic, and which for the accommodation of that traffic have to run numerous trains, can afford to carry the mails for the Post Office Department at a lower rate of remuneration, than lines which do not enjoy so large a traffic, and therefore have to run their train to a greater or less extent, specially for the accommodation of the Post Office Department.

On the Irish lines the return of 1854 shows the following payments :---

Drogheda and Dundalk.....	4	0	a mile.
Dublin and Drogheda.....	2	10½	"
Dundalk and Enniskillen.....	3	2	"
Dublin and Cork.....	2	9	"
Dublin and Galway.....	3	0	"

The average of these is about (3s. 2d.) three shillings and two pence sterling per mile. The average paid to the English lines, which have been already quoted---is (2s. 6d.) two shillings and six pence sterling, or 27 per cent. less than the Irish lines. This rate of (3s. 2d.) three and two pence a mile would give upon the mileage of trains carrying mails upon the Grand Trunk Railway about \$800 per mile per annum.

It must not be forgotten in considering the question of payment made to Railway Companies, both in England and Ireland, that the cost of working

Railways in Canada vastly exceeds that of English and Irish lines. It is too notorious to require comment that the great severity of the climate of Canada adds greatly to the cost of working its Railways, and this is especially the case in winter, when the number of passengers is considerably less than at other periods of the year, and thus making the running of trains more for the accommodation of the Post Office Department than for the requirements of the travelling public.

The question of the Victoria Bridge is one which has a very important bearing upon the amount to be paid for the carriage of mails upon the Grand Trunk Railway. It has already been stated that the Victoria Bridge is nearly two miles in length, and its cost has been not far short of £1,500,000 sterling, involving at six per cent. interest an annual charge upon the whole of the Grand Trunk net earnings of no less a sum than £90,000 sterling per annum.

In England there exists a somewhat similar case, viz: the great Tubular Bridge, at the Menai Straits on the Chester and Holyhead Railway. This [19] Bridge which is less than a mile in length and cost less than half that of the Victoria Bridge, is considered so important to the English Post Office Department as expediting the mail service between England and Ireland, that the payment made to the Chester and Holyhead Railway Company, to which Company the Menai Bridge belongs, amounts to no less a sum than £30,000 sterling per annum. The Railway is 85 miles long, thus giving no less than \$1,775 per mile of Railway per annum for mail service. The reason of this very large payment is on account of the great cost of the Menai Bridge for which £20,000 sterling per annum is paid specially by the Post Office Department to the Chester and Holyhead Company. A similar rate of payment for the Victoria Bridge would, of course, give the Grand Trunk Company for that particular portion of the Railway a sum of upwards of £40,000 sterling per annum, which, distributed over the entire length of the Grand Trunk line carrying mails in Canada, would alone amount to the sum of about \$234 per mile of Railway per annum. It should be repeated here that the entire mail service of Canada, between the East and the West, has to be passed across the Victoria Bridge, as well as the whole correspondence passing between Europe and Montreal, and every point in Canada, West of that city.

So much for the rates of pay awarded or agreed upon between the Government and the Railway Companies in England and Ireland.

It is now necessary to consider the rates of payment made by the United States Government to the Railway Companies in that country; and here again it must be remarked that great differences exist.

It may however be noticed that the Congress of the United States passed an Act some years ago, arranging the general terms upon which Railway Companies should be paid for the carriage of mails, and dividing the different lines of Railway into classes, each class getting a certain specific rate of payment.

Thus the rate of payment upon first class lines of Railway, it is enacted by Congress, shall not exceed \$300 per mile, nor for second class more than \$100, nor for third more than \$50 a mile.

It is of course obvious that the specification of first, second and third class must mean with reference to the importance which the particular line of Railway bears to the district of the country through which it passes, and it may here be stated as a general proposition that the service which the Post Office Department of the United States requires from the Railway Companies is the carriage of mails to be distributed at every Station on the line once each way daily, during the working hours of the day, such mails to be carried in a Post Office Car specially

fitted up for the purpose of permitting the letters to be sorted and distributed on the way. In addition to this requirement, which is however the main one, the Companies are required to carry by any trains which they may run in addition to the train carrying the distributing car, closed mail bags in the ordinary baggage car without any Post Office attendant, on such other trains as the Company for its own purposes may require to run, there being no obligation upon the Company to run more than the one train, which has to be run during the day time, in the manner which has already been described.

It may also be stated that there is no single Railway in the United States carrying the Postal matter in the manner already described which cannot run continuously from one end of its line to the other during the day, and thus carry out the intentions and requirements of the Post Office Department.

Now it is respectfully submitted that it must be perfectly obvious that in con- [20] sidering the question of the payment to be made to the Grand Trunk Com- pany, in any comparison with the rates of payment made in the United States, it would be manifestly most unfair to consider the Grand Trunk Railway of Canada as anything but that of a first class railway, as compared with any railway in its importance to any particular State in the Union, especially when it is borne in mind that the Postmaster-General, in one of his yearly reports, declares that nine- tenths of the correspondence of Canada is carried on by the railways, and it has been shown that since the introduction of the railway system the number of letters has increased no less than 300 per cent, and the Postal Revenue no less than 330 per cent.

Adopting this obvious and fair view, to which it is difficult to conceive any reasonable objection, a statement is here given of the rates of payment made in the different States of the Union to the particular Railway Companies existing in those States :

PAYMENTS FOR THE CARRIAGE OF MAILS IN THE UNITED STATES,
JUNE 30, 1861.

RAILWAYS.	Miles.	Rate Per Mile.
	No.	\$ cts.
MAINE—Portland to Portsmouth, N. H	2	150 72
NEW HAMPSHIRE—Concord to Lowell, Mass.....	30	150 00
MASSACHUSETTS—Boston to Portsmouth, N. H.....	54	154 00
Boston to Lowell	27	150 00
Boston to Fitchburg	52	153 86
Boston to Worcester	4	343 75
Boston to Providence, R. I	46	150 00
Worcester to Albany, N. Y	55	325 56
	103	175 00
RHODE ISLAND—Providence to Stonington, Ct	50	150 00
CONNECTICUT—New Haven to Springfield, Mass	64	275 00
New Haven to New York	76	34 75
NEW YORK—New York to Dunkirk	46	210 00
New York to Albany.....	144	225 00
Albany to Buffalo	298	200 00
Albany to Troy	7	150 00
Syracuse to Rochester	104	200 00
Rochester to Niagara Falls	76	150 00
Buffalo to State Line	69	200 00
NEW JERSEY—New York to New Brunswick	36	375 00
New Brunswick to Philadelphia	54	375 00
PENNSYLVANIA—Philadelphia to Pittsburg.....	357½	200 00
Pittsburg to Williamsport	40	150 00

PAYMENTS FOR THE CARRIAGE OF MAILS IN THE U. S.—(Continued.)

RAILWAYS.	Miles.	Rate per Mile.	
	No.	\$	cts.
Williamsport to Elmira.....	77	150	00
Northville to Erie.....	20	200	00
MARYLAND—Baltimore to Philadelphia.....	102	300	00
Baltimore to Sunbury.....	86	200	00
	55	150	00
Baltimore to Wheeling, Va.....	179	300	00
	201		
Baltimore to Washington, D. C.....	40	300	00
OHIO—Belair to Columbus.....	137 $\frac{7}{8}$	200	00
Pittsburg Pa., to Chicago, Ill.....	469 $\frac{1}{2}$	200	00
Erie, Pa., to Cleveland.....	96	225	00
Cleveland to Wellsville.....	59 $\frac{3}{4}$	150	00
Columbus to Cleveland, Ohio.....	138	210	86
Columbus to Xenia.....	55	225	00
Galion to Union City.....	119	150	00
Toledo to Cleveland.....	114	200	00
Cincinnati to Dayton.....	60	150	00
Cincinnati to Springfield.....	65	225	00
Dayton to Toledo.....	149	150	00
MICHIGAN—Detroit to Chicago, Ill.....	282 $\frac{1}{2}$	150	00
Toledo to Chicago.....	242	150	00
INDIANA—Indianapolis to Lafayette.....	65 $\frac{3}{8}$	150	00
Cincinnati to Illinoisstown.....	341	225	00
Jeffersonville to Indianapolis.....	50	15	00
Union City to Indianapolis.....	85	150	00
ILLINOIS—Danlieth to Cairo, Mo.....	112	150	00
MISSOURI—St. Louis to Sedalia.....	125	150	00
	64		
St. Louis to Macon City.....	170	150	00
TENNESSEE—Nashville to Chattanooga.....	153	200	00
Knoxville to Goodson.....	130	200	00
Knoxville to Dalton and Chattanooga.....	140	200	00
Jackson to Columbus.....	87	175	00
CALIFORNIA—Sacramento to Folsom City.....	22	150	00

[21] From this it will be seen that the rates of payment thus made by the United States Government to the principal Railways in sixteen States of the Union, on 6,612 miles of railway, is upwards of \$200 per mile of railway per annum. It will be noticed, in one or two cases, that the rate of payment exceeds the amount appropriated by Congress of \$300 per mile. From this it is perfectly clear that, in the opinion of the Post Office Department of the United States, \$300 per mile, in some cases, is not sufficient payment for the carriage of mails; and that, of course, with the approbation of Congress,—which from year to year accepts and adopts the Reports of the Postmaster General,—its recorded orders, in regard to the rates of pay, have been deliberately and avowedly increased.

The railways comprised in the foregoing list, as already stated, carry distributing cars, in which mails are received and delivered on the way once a day only, and that during the day-time; but carrying, as has already been stated, closed bags, without any post-office attendant, in the ordinary baggage cars of such other trains for the accommodation of passengers as the interest and business of the Company may require, and enable them profitably to run.

To no line of any importance in the United States is it known, that less

than \$100 per mile is paid for a single distributing daily mail, although that is the only passenger train which is run upon the Railway.

Thus upon the Passumpsic Railway which connects Boston with the large and important district of country bordering upon Lake Memphremagog, and which passes through a portion of the state of Vermont, the rate paid is \$100 per mile for one train each way daily, that being the only train carrying passengers which is run upon the line.

The rate paid also by the American Government upon that portion of the Grand Trunk Railway which lies within the States of Maine, New Hampshire and Vermont, amounts to upwards of \$110 per mile of Railway, per annum, although only one train is used for the carriage of mails, that being the only train carrying passengers which is run upon the line.

These facts it is submitted conclusively show that the Grand Trunk Railway being, in respect to Canada, unquestionably a first class Railway, and occupying a position to it certainly not less important than the different railways named are to the States in which they exist, as set forth in the foregoing statement, ought to be paid certainly not less than the average rate per mile of railway per annum, awarded in the sixteen States referred to. Indeed fairness and justice would demand that a considerable addition should be made to that rate of payment,—first, for the reason that the severity of the climate entails a greater expense upon the Grand Trunk Company in running their trains than the Companies named in the list are put to, and also having regard to the exceptional expenditure on the Victoria Bridge,—secondly, because the amount of the passenger traffic on these Railways considerably exceeds that existing upon the Grand Trunk, and requires them therefore to run more trains than is necessary on the Grand Trunk, yielding more profit in doing so,—and thirdly, because some of the different lines of railway in the several States, actually compete with each other for business, and therefore it takes two and in some cases three lines of railway in each State, to give the same accommodation to the Postal Department, which is afforded to Canada by the Grand Trunk Railway. It is evident that this last is a very important consideration, because whilst the different States of the Union, referred to in the foregoing list, are peopled throughout their entire area, Canada is peopled simply for a narrow strip along its frontier, and therefore one line of Railway, such as the Grand Trunk, passing through [22] that strip of population, affords practically more accommodation to the population along its line, than do two or three different lines of railway running through a broad State, which has its population scattered from one side of the State to the other. If that argument is a good one, and it is respectfully submitted that it is, it is clear that in these States where more than one line of Railway passes through it and gives accommodation for Postal communication, that the average rate paid on the 6,612 miles, should not be applied to the Grand Trunk Company, without adding to that average something for the fact that the single Grand Trunk Railway practically gives the same accommodation, which in some of the States it requires two or three parallel lines to afford, and for which the United States Government pays an average of upwards of \$200 per mile to *each*, or an aggregate of \$400 to \$600 for each State.

It is necessary now to refer to the different Orders in Council which have been passed upon the subject of Postal payment, and of the arrangements made by the Post Office Department upon this question.

The Grand Trunk Railway was of course opened in sections, the first part brought into operation being the line from Montreal to Island Pond, connecting there with a line to Portland, in the United States, which had been leased by the

Grand Trunk. This line to Portland had been running before its lease by the Grand Trunk, and had carried mails for the United States Government, carrying them once each way daily during day light, and for which service \$110 per mile of Railway per annum was paid. This rate was continued after the line was leased to the Grand Trunk, but has since been increased by the United States Government.

In 1853 the Grand Trunk was opened from Montreal to Island Pond, and the question of what was to be paid for carrying the mails by railway in Canada came up. At that time the Government of Canada was directly mixed up with the Company, and the Postmaster General, with others of the Cabinet, held a seat at the Railway Board. On the 7th August, 1853, the Postmaster General being present and concurring, a resolution was passed by the Grand Trunk Board, agreeing to carry the mails on the Island Pond section at the same rate per mile, viz: \$110, as was then being paid by the U. S. Government on the continuation of the line to Portland. Only one train each way, and that during day time, was then being run.

There was no provision for a distributing car—the bags to be received and delivered on the station platforms. It was admitted by both sides to be experimental, and only a provisional arrangement for a section of the line not carrying a large mail, or such a one as would be necessary when the line was opened throughout.

This provisional arrangement was adopted by the Post Office Department, and the rate of \$110 a mile was regularly paid up to September, 1858, the Company's account being regularly sent in at that rate, and as regularly paid.

In September, 1858, it now appears, that the then Postmaster General made a report to the Council, suggesting an alteration in the rate of payment, but without either communicating with the Company upon the subject, or entering at any length in his report as to the reasons which induced him to propose such changes.

No intimation was made to the Company of this report, or Order in Council, for some years afterwards, the Company continuing to send in its accounts without any objections from the Post Office, up to the middle of 1861, at the rate of \$110 a mile, in ignorance that any such Order in Council had been passed.

In the summer of 1861 the financial difficulties of the Company came to [23] a crisis; and it was then that the question of payment for Postal Services for the first time came fully under discussion between the Government and the Company.

The discussions which have taken place since that date have been already detailed at sufficient length.

Having now pointed out the rates of payment which are made up on important lines of railway both in England, Ireland and the United States, it is now necessary to enter into the consideration of the question as to what—apart from these examples—ought to be paid to the Grand Trunk Company, for carrying the mails for the Canadian Government.

It must, of course, be understood that it is submitted that no rate of payment would be adequate to the Grand Trunk Company which did not, at the least, come up to the average of the principal railways in the sixteen different States given in the list which has been already quoted; and that, in justice, ought to be added to that rate an additional sum, in consideration of the increased cost of working the Grand Trunk Railway, the existence of the Victoria Bridge, and the fact of the Passenger Traffic upon it being less than upon any of the lines mentioned on the list; but if the Commissioners are not satisfied with the infor-

mation and facts which have been laid before them up to this point, it will not be difficult to show that, by taking other principles of calculation, the pay to the Grand Trunk Company will come out at even higher figures than those which have already been referred to.

It has already been stated that, in the United States, the distributing mails are carried upon one train, stopping at each station, and which distributes the mails upon the way in a car specially fitted up for the purpose; that is the only distributing car that is run upon any American railway: it is only run once each way during the day-time, and it is for that service that the rate of payment is made.

The American railways set forth in the list are, all of them, of a length which enables a train leaving in the morning to arrive at its destination before a late hour at night; and thus the Company is enabled to comply with the requirements of the Post Office Department without the necessity of running night trains for mail matter. If they run night trains, therefore, they do so because they find they have an abundance of traffic which cannot be accommodated by a day train alone; and it is, therefore, their pecuniary interest to run night trains as well as day, carrying upon such night trains closed bags, without a Post Office conductor, without requiring to be sorted on the way, but leaving the distributing mail bags—which is the prominent service rendered to the Post Office Department—to be carried by the ordinary day trains.

On the Grand Trunk Railway of Canada this state of facts does not exist. The length of the line from Quebec to Sarnia is nearly 800 miles, a distance which is far too long to accomplish by trains running only during the day-time. It takes in fact by the present time run upon the Grand Trunk Railway, about 36 hours to get from Quebec to Sarnia. Of course this cannot be accomplished without a break in the continuity of the journey, except by running trains at night over some portions of the road.

It is quite clear that the necessity exists on the part of the public and the Post Office Department to get, if possible, a continuity of train service to and from the Seat of Government, wherever it may be, so that mail matter either coming to or going from the Seat of Government shall not occupy a longer time upon the road than is necessary to accomplish the distance by a continuous journey.

It is equally clear that the Ocean Mail service, which is hereafter more [24] particularly referred to, also requires continuity of service, without which the advantages now enjoyed by the public and the Post Office Department could not be secured.

It is stated here as a fact that the passenger business on the Grand Trunk Railway does not require the running of more than one train daily upon each portion of its line, and that the greater portion of its business is confined to a communication with important centres, that communication not as a general rule extending for a greater distance than 100 miles from such centre. Thus trains between Montreal and Quebec supply the means of communication which is required by the public for a distance, say, from 75 to 100 miles, on the Quebec side of Montreal, and for a similar distance on the Montreal side of Quebec.

In the same way between Montreal and Toronto, the great bulk of the business from those two centres goes to a point not exceeding 100 miles in either direction from the terminus, and the entire travel between those two cities of Montreal and Toronto can be much more than fully accommodated by one passenger train per day. There is no necessity therefore either between Quebec and Montreal or between Montreal and Toronto, as regards the exigencies of the

passenger traffic on the Grand Trunk Railway, for the running of more than one train, and if the question of the running of trains was one which the Company could control without reference to the requirements of the Post Office Department, those trains would be run only during the day time, which gives much better accommodation to the intermediate passengers than trains leaving in the evening and passing by stations during the middle hours of the night. A proper arrangement therefore of the trains on the Grand Trunk Railway would be to start from Quebec in the morning, and reach Montreal in the evening. No train would leave Montreal for the West till next morning, and such train would run during the day time, occupying the entire day between Montreal and Toronto, and so on from Toronto to Sarnia. The result of this would be that a letter would require to be posted in Quebec either at a very early hour on Monday morning, or late the night before. It would travel during Monday to Montreal, remain at Montreal all night, proceed next day to Toronto, remain there over night, and be carried to Sarnia the following day. It would thus take three days to convey a letter from Quebec to Sarnia.

This would be the proper and economical arrangement for the Grand Trunk Railway to adopt; it is one which, if they are not adequately paid for the carriage of the mails, they will be compelled—looking at the question in a commercial light—to adopt, and it has only not been thoroughly put into operation by them in the belief that the Post Office Department, which has been greatly benefited by the continuous service from one end of the Province to the other, would at length see that it would be necessary, in order to secure the permanency of that arrangement, to pay the Company adequately for the service performed.

It has been stated by the advocates of the Post Office Department that the trains on the Grand Trunk Railway are run to suit the Company's own convenience, without any demand from the Post Office Department. It is quite true that the Post Office Department have not said in terms to the Grand Trunk Company: "We require you to run your trains at particular hours of departure and arrival;" but it is at the same time equally certain that, when the Company has attempted to put in force the fair and commercial proposition which is now laid down, the Post Office Department have complained, in the strongest possible terms, of the inconvenience of the arrangement, and by the pressure brought to bear both by the public and by their own representations [25] have forced the Company to run trains which, commercially, they ought not to run, but which are run in order to give that accommodation to the Postal Revenue of the country which has, so far, been instrumental in increasing it to the extent of 330 per cent. If it is necessary to give any proof of this, it will be found in letters which have been addressed from time to time by the Officers of the Post Office Department to the Grand Trunk Railway Company. The Company, as has been stated, have on several occasions attempted to regulate their trains by the requirements of their Passenger Traffic without regard to the necessities of the Post Office Department. What has been the result?

For instance, on the 28th August, 1862, (Page 62, Blue Book No. 1,) the Deputy Postmaster General writes to the following effect:—

"The Postmaster General learns that you have notified our Inspector at Montreal of an intention to withdraw, from Monday next, the train which now runs from Montreal to Quebec in connection with the mail train between Montreal and the West, and thenceforth to run only the Express afternoon train between this city and Montreal.

"A very regrettable consequence of this change will be, that the mails from the West for the Seat of Government will lie over at Montreal from 11 p. m. of one day until the afternoon of the next."

Again, on the 16th September, 1862, when the Company found it to be

impossible, with due economy, to continue running trains at night for the accommodation of the Post Office Department, which trains were not wanted for the convenience of their passengers, the Secretary of the Post Office Department addressed the following official communication to the Grand Trunk Company :— (Page 65, Blue Book No 1.)

“ POST OFFICE DEPARTMENT,
“ 16th September, 1862.

“ SIR,

“ Referring to the remonstrance addressed to you by the Postmaster General on the 28th ult, against the daily detention of the Western Mails at Montreal Station on their way to the Seat of Government, which has been suffered since the 3rd instant, I am directed by the Postmaster General to observe that he views this dislocation of the Trains, on which he is obliged to rely for the conveyance of these important Mails, as a contravention of the implied contract under which the Mails are, by Statutory provisions, carried by the Grand Trunk.

“ It cannot be right, or in accordance with the intention of the Statute, that a Railway having the Mails in its charge under conveyance between two cities on its Line, embracing the most important Mail route in the Province, should, notwithstanding the Postmaster General's representations and remonstrances, undertake to break up the arrangements for their transmission and detain these Mails daily at an intermediate Station for no less than 17 hours.

“ The Postmaster General directs me to call upon you to provide continuous conveyance for the Mails on the Grand Trunk Line between Toronto and Quebec, so that the Railway Mails from either city may be carried through and delivered at Quebec and Toronto respectively without detention at any intermediate point, other than the necessary stoppages for exchange of Mails and ordinary purposes at the way Stations

“(Signed,)

WM. WHITE, Secretary.

“ C. J. BRYDGES, Esq.,

“ Grand Trunk Railway, Montreal.”

Here it will be observed is a distinct statement on the part of the Post Office Department, specially communicated by direction of the Postmaster General, that in his opinion the Company are bound to provide a continuous service on the Railway, and not only in his letter is there a distinct order making the service continuous between Quebec and Toronto, but requiring the Company, as that order does, to run trains which are not wanted for the passenger traffic of the railway, but which are most convenient to the Post Office Department, and tend largely to the increase of its revenue.

Again on the 28th November, 1862, (Page 88, Blue Book No. 1,) the Deputy Postmaster General wrote the following official letter to the Company, urging and in fact ordering a continuous service upon the Railway, regardless of whether or not the service was profitable to the Company, the only view which the Postmaster General [26] appeared to take being that he was entitled to have continuous trains run, without reference to whether the Company could make them pay or not.

“ POST OFFICE DEPARTMENT,
“ QUEBEC, 28th November, 1862.

“ SIR :

“ The Postmaster General directs me to point out to you how injurious the existing Train arrangements of the Grand Trunk Railway, under the Time-tables dated Monday last, are to correspondence throughout the country

“ That, between Quebec and Toronto, it requires seven days to exchange a business letter.

“ That, between Montreal and Toronto, four days and sometimes five are required for the purpose. And between Quebec and Montreal four days and sometimes five : indeed, as regards Quebec and Montreal correspondence, business letters may be exchanged as quickly by the one-horse mail sleighs, travelling over the old road via Three Rivers, as by the Railway.

“ These facts are causing general complaint throughout the country, and the Postmaster General desires to remonstrate against such arrangement, and to call upon you to apply a remedy.

“ I am, &c ,

“(Signed,)

“ W. H. GRIFFIN,

Dep. P. M. G.

“ C. J. BRYDGES, Esq.,

&c., &c., &c.”

Again on the 11th of December, 1862, (Page 91, Blue Book No. 1,) there is a long official letter from the Deputy Postmaster General, of which it will be sufficient here to give some extracts.

It must be premised that the Company had for some considerable time been endeavoring to meet the views of the Post Office Department in hopes that a settlement of the payment to be made would be arrived at, but failing this they had determined to make trains suit the requirements of the traffic, leaving of course the Post Office Department to make use of such trains as the Company might for its own purposes find it desirable to run. The result of this was the letter of the 11th December, from which the following are extracts:—

“ You say you desire to remind me that the Company, since it began to run trains, has never received from the department any schedule of time, nor any intimation of any particular description of service or hours of running and that under the circumstances the Company can only regulate its Trains in such way as it finds most convenient to the Passenger traffic using the Railway ; and that this has been the course adopted in the Time-Table now in operation. In this respect the Grand Trunk Railway Company has been in exactly the same position as all the other Railway Companies of the Province, but on its part alone has there been any disposition manifested on that account to lessen the Postal facilities to which the public are entitled, or to raise an issue with the Department. It is scarcely reasonable for it to complain, that hitherto it has been allowed to suit itself alone as to time and other circumstances. Further than this, bearing on the past, the Postmaster General directs me to remark that he considers himself in no wise accountable for omissions or negligences if such existed.

“ Since he assumed the duties of his present position, his anxious desire has been so to conduct the affairs of the Department in this respect as to occasion as little inconvenience or expense to the Railway Company as was consistent with the efficiency of the Postal service and the reasonable requirements of the public.

“ Actuated by this motive, he has studiously avoided asking for, much less insisting upon, anything which could be construed into the exacting of a service in the least degree burdensome to the Company.

“ But this disposition, met as it now is by the Company, with an apparent determination to obtain from the Department terms at once unreasonable and in excess of its former demands, he feels sure that now he has no alternative but to define the service required, and to insist on its being performed within the strict meaning of the law.

“ In the present arrangements for the running of Trains between Montreal and Toronto the Postmaster General is willing to acquiesce, provided that there be a regular service performed each way daily. From Toronto to London he demands a continuous service, so that correspondence and other Mail matter from Montreal and other intermediate places be forwarded Westward forthwith on the arrival of the Trains at Toronto, and that the Mails from London [27] and the stations intervening may reach Toronto so as to connect with the morning train from that city Eastward.

“ He requires that the Mails shall leave Montreal for Quebec on the arrival of the Train from the West, and that the Mails Westward from Point Levi, shall not leave earlier than 4 o'clock on each afternoon and arrive at Montreal in time to connect with morning train thence Westward. The Mails may be conveyed as at present Westward from London and Eastward of Point Levi. From Montreal to Portland the Postmaster General demands the running of a Train weekly, immediately on the arrival of the Ocean Mail Train from the West, so as to reach Portland in time for the departure of the steamer on her regular voyage ; and in like manner a train from Portland to Montreal, leaving Portland immediately on the arrival of the Ocean steamer from Europe.

“ He reserves the right at any time to change or modify these directions on giving reasonable notice to the Company.

“ He further directs me to protest against the assumed right of the Grand Trunk Railway Company to decide at how many and what places, interruptions may occur in the conveyance of the Mails.

“ The Company's pretension to the power thus to delay the regular transmission of the correspondence of the country at Toronto and Montreal would, if assented to by the Department, imply the like authority to delay the Mails at any and every other station along the Line, should it imagine it to be to its interest to throw obstacles in the way of the proper performance of the public service. Convinced that it has no such power thus to obstruct, for its own purposes, the regular operations of the Post Office Department, the Postmaster General claims for the Government the exclusive right of deciding as to what Railway service shall be regarded as special, and what as ordinary.”

It will be observed that the Postmaster General's letter of the 11th December states, that he defines the service required, and insists upon its being performed within the strict meaning of the law, and then directs what particular trains shall be run, and further on states he reserves the right at any time to change or modify these directions, on giving reasonable notice to the Company, and in the following paragraph he distinctly states that the Company must not be allowed to make any break in the continuity of the Mail Service, although it had been repeatedly and prominently brought under his notice that such course necessitated the running of night trains, which were much more expensive to the Company to run than the day trains, and which were not required for the convenience or accommodation of its passenger traffic.

It is respectfully submitted that the extracts here given from the official communications from the Post Office Department, thoroughly and entirely do away with the statements that have been made, that the trains of the Grand Trunk Company have been fixed by them for their own convenience, and that the Post Office Department cannot be charged anything extra because trains are run at an unseasonable hour for the purposes of the Company's ordinary traffic, as it will be seen there has been a continual pressure brought upon the Company by the Post Office Department to run trains which the Company does not require, but which they have been forced to run (as will be observed by a reference to the letter of the 11th of December,) by a positive order from the Post Office Department to the Company to run specific trains, and which trains, as it has been proved, were not required for the purposes of the Company's traffic, and were therefore run at a very great expense, solely and simply for the use and benefit of the Post Office Department.

Subsequently to the letter just quoted, discussions took place between the Company and members of the Government; the former objecting to run trains not required for their traffic, and the latter insisting upon trains being run to suit the Postal Department.

At length positive promises were made that a settlement should be at once made of the amount to be paid by the Government for Mail Services, by means of the arbitration proposed to be legalized under the Bill lately introduced by the Postmaster General. Acting upon these promises and fully believing they would be carried out, the following letter was written by the Company :—(Page 82, Blue Book No. 2.)

“ GRAND TRUNK RAILWAY OF CANADA,

“ *Managing Director's Office,*

“ MONTREAL, 6th May, 1863.

“ DEAR SIR :

“ Referring to our discussions on Saturday last, when Mr. Sandfield Macdonald and Mr. Foley were present, I now beg, in accordance with my promise, to put on paper the times at which the trains upon this Railway will run during the coming summer, commencing on Monday, 18th May.

(Here follows the list of hours.)

“ By the foregoing arrangements there will be two daily continuous trains between Detroit and Montreal, and trains between Montreal and Quebec, making direct connections between the latter city and Post Offices to the West of it without delay at any point.

“ I hope that the extent of our traffic and the arrangement of the Postal question will justify our continuing this large amount of accommodation both to the public and the Post Office Department.

“ The changes I have mentioned will go into operation on the 18th instant,

“ Yours truly,

“ (Signed,)

C. J. BRYDGES.

“ W. H. GRIFFIN,

“ Deputy Postmaster General, Quebec.”

These trains gave two trains each way daily, carrying mails, between Quebec and Sarnia, running continuously, and were run after much objection and protest to meet the urgent demands of the Postmaster General, repeatedly insisted upon and claimed by him as a right.

The train service, since that date, has in some respects been made even more favorable to the Post Office, and the Company has continued to run the trains in this way, in the constant hope and promise that the matter of payment would be settled. The time has now come when the Company must either receive proper pay for the service which they perform for the Post Office Department, or the trains will be run as the requirements of the Company's passenger traffic renders necessary.

This, as has already been explained, will not suit the requirements of the Post Office Department.

It is certainly reasonable, under this state of facts, to call upon the Post Office Department for payment for the service rendered in proportion to the expense incurred in performing such service. This is especially the case during the winter portion of the year, when the great severity of the climate and the decrease in the number of passengers travelling render it still less of importance or value to the Grand Trunk Company to run an excessive number of trains.

As has already been stated, the wants of the Company and of the travelling public would be met by a day train between each of the prominent centres on the line of the Grand Trunk Railway. This would involve no night trains, which are more expensive to run than day trains, and, if carried into effect, would produce a large saving in the cost of working the Railway; but the imperative demands from the Post Office Department, which have been made upon the Company, have left them no resource but to alter their Time-Table in such a way as requires them to run trains continuously from one end of the line to the other,—running a portion of such trains, of course, at night, and running them at hours which are neither necessary nor suitable for their ordinary traffic.

This disposes of one very prominent feature which has been attempted to be made out against the Company in one of the Reports of the Postmaster General, and establishes that, whether considering past or prospective engagements, a large part of the services can only be treated as special services, and to be paid for as such.

It is to be borne in mind that the Post Office Department requires the Railway Company to carry free a large number of employés of the Post Office Department when engaged in the performance of their duties. It appears from one of the Reports of the Postmaster-General, viz., that for the year ending September, 1857, there were then upwards of 40 clerks specially employed as Railway Post Office clerks, running an average of from 600 to 1000 miles a week. If that is the case, taking the average at 800 miles, and only 40 clerks employed, it would give an aggregate mileage of 1,664,000, which, at three cents a mile, the ordinary charge, would amount to \$50,000. The number of clerks now employed travelling in Post Office cars is greater than in 1857, and the amount would therefore be larger; but even allowing for a considerable diminution from the ordinary fare, on account of the continuity of the service, it is quite clear this forms a considerable element in the payment which the Post Office Department ought to make, especially as it is borne in mind that the Company is liable to all the risks and damages which will arise, if any one of the clerks is hurt in an accident on the line.

It must also be borne in mind that the employment of these clerks, who sort and distribute the letters whilst the trains are running, does away with the nece-

sity for a very large amount of work in the Different Post Offices of the country, and in that way has a tendency of course to decrease the cost at which the Post Office work is performed.

In addition to this the Post Office Department require Annual Passes which can be travelled upon every day in the year if necessary, to be given to certain officers of the Post Office Department, including the Postmaster General, Deputy Postmaster General, Secretary, and five Inspectors, whose duties extend over various portions of the Railway. In addition to this, constant applications are being made by the Post Office authorities for Passes for clerks of the Department who are going from place to place on business of the Department; indeed it is quite safe to say that what with the value of the Passes, annual and occasional, given to the Post Office Department, and the fares of the clerks who constantly travel on the Distributing Cars, the aggregate, if all paid the ordinary fares, would amount to a very considerable sum per annum.

The Post Office Department require that the third of an ordinary Baggage Car should be appropriated for Post Office purposes. They require it to be fitted up in a special manner for their accommodation, with pigeon holes, drawers and all the necessary appliances for sorting letters on the journey. The Cars have to be properly warmed and lighted, and proper conveniences supplied for the clerk who is in charge of the mails. It may also be said here that the Post Office Department are annually pressing for a larger proportion of space than they now occupy, and for an improvement in the mode of fitting up the cars, and the cost which is being annually incurred for altering and enlarging the cars and their fittings to suit the requirements of the inspectors and clerks, entails a very considerable expense upon the Grand Trunk Company.

But in considering the question of the value of the space which is appropriated in the car to the Post Office Department, it may be well in the first place to consider what the Company could earn for that space if it were adapted to the carriage of passengers. for of course it must be remembered that the mails are always carried in passenger trains.

An ordinary passenger car holds at least 50 passengers, and a very moderate estimate of the capacity of one-third, would be 15 passengers. If [30] that were applied for by any parties who wished to occupy it for a journey between Montreal and Toronto, they would at the regular fare pay \$8 each, which for the 15 passengers would amount to \$120. This if used twice a day, as in the case of the mails between Montreal and Toronto, would produce for 313 days an aggregate of \$150,240, which divided by the mileage between the two cities, 333 miles, would give rather more than \$451 per mile per annum for that portion of space.

It has been objected to this calculation that in the first place all the seats of a train are never filled, and secondly, that a continuity of service ought to enable the Government to get that proportion of space at a smaller rate than if they were casual passengers. It is submitted that it is unfair to attempt to use the first argument, even if it were correct, inasmuch as the requirements of the Government necessitate the running of more trains than the passenger traffic of the Company requires, involving of course some of the trains which are run, carrying very few passengers. If that is the case it is the act of the Government which requires the Company to run more trains than there is traffic to fill, but it is certainly unfair to use the fact that the trains are compelled to run half empty, as a reason why the Government should get their proportion of those trains at an unreasonably small cost. The argument would be perfectly fair the other way, that because the Government requires the Company to run trains, which of

necessity, are to a considerable extent empty, that therefore the Government should pay the Company a larger sum in consequence of their requirements necessitating this state of matters; indeed the Government have almost as much justice in making such claim as is here spoken of, as would any ordinary passenger have, who came to a station just before the train started, and on finding half a dozen empty seats, requested to be carried for nothing, or at a large reduction, because if he did not go the seats would not be occupied, and the Company would be put to no extra expense in taking him to where he wanted to go. The Post Office require and occupy a certain proportion of a car. It should pay for what it so requires and occupies, without asking for a reduction on the suggestion that if it did not require and occupy that space it would probably be partially empty.

For the second objection, that continuity of service ought to induce a lower rate of charge, there is no doubt some foundation. It is the ordinary rule that where return tickets are issued the party getting them pays, instead of the single fare each way, a fare and-a-half. If this rule were adopted it would reduce the \$451 per mile of Railway 25 per cent., or to about \$340; but it must be remembered that the object and effect of issuing return tickets or making any reduction of rates is to increase the quantity of business that would otherwise come. In the case of the Post Office Department they require a certain quantity of space. They can put into it precisely what they please, and the more they get in the greater the revenue to the Post Office Department; and no matter whether the revenue of the Post Office Department from the space they occupy increases to twice what it is at the present time, the Grand Trunk Railway Company get no advantage whatever from that, but the whole advantage is secured to the Post Office Department alone.

The argument about continuity of service, bearing this in mind, loses a very great deal of force, because everything that has been said about low rates of charge, where large numbers of persons are carried, is always based on the assumption that the reduction of rate will induce a larger number to travel, and therefore give increased receipts; but in the present case a reduction of price brings no increase of revenue to the Grand Trunk Company, but gives the whole of it, whatever it may be, to the Post Office Department.

But passing from the number of passengers that could be accommodated in [31] the space occupied by the Post Office Department on the train, the question can be looked at in another light.

The quantity of freight that can be put in an ordinary car is ten tons. This is an ordinary freight car, which is smaller than a baggage car; but without entering into that question of difference, it is quite safe to say, that at the very lowest calculation, the space occupied by the Post Office Department would contain $3\frac{1}{2}$ tons of ordinary freight. Freight of course is carried by slow trains, running at a low rate of speed, and therefore at much less cost than passenger trains, which run at more than double the speed of freight trains, and which in consequence do much greater injury both to the stock employed on those trains and to the permanent way upon which they run. Of course, therefore, freight if carried by passenger trains would be charged much higher rates than ordinary freight rates, which are applicable simply to slow freight trains; but, assuming the quantity of freight to be put into the third of a baggage car, viz., $3\frac{1}{2}$ tons, that quantity charged in accordance with the existing tariffs upon the several sections of the line would give for two trains each way per day, which is the number of trains used by the Post Office Department, the following rates per mile:

FREIGHT TARIFF RATES PER MILE PER ANNUM OF ONE-THIRD OF A CAR.

DISTRICT.	1st Cla ss.
	\$
Between Montreal and Toronto (General Tariff).....	231
“ Toronto and Sarnia	221
“ Montreal and Island Pond.....	243
“ Quebec and Richmond	400
“ Montreal and Toronto (Special Tariff).....	125
Average.....	244

The different rates shewn in this table arise from the different character of the country passed through, the extent of traffic offering, the prospects of inducing large quantities to come on the Railway, and all the other considerations which are looked at in framing freight tariffs.

It will thus be seen that the rates which the Company are charging to the public for the carriage of first class goods in ordinary slow freight trains, if applied to the space occupied by the Post Office Department, would give a payment equal to \$244 per mile of railway per annum. To this, of course, ought fairly to be added a considerable proportion for the increased cost which would be incurred in carrying freight at Express speed by passenger trains, as compared with the cost of carriage by the slow freight trains.

It may be stated as a fact, which is universal upon all railways, that wherever freight is carried upon a railway by passenger trains, that the charge made is either double or one and a half first class rates, in consequence of the great expense incurred in carrying it, and the greater despatch which the owner of the property secures.

Applying this principle, therefore, it would make in the case of double first-class rates, \$488 per mile; or, in the case of one and a half first-class rates, \$366 per mile of railway per annum.

There is no doubt whatever that if the Grand Trunk Company were to advertise that they would take one car of freight a day, which is ten tons, between Montreal and Toronto at double first-class rates, that they could fill that car by every train which they run upon the road, from the rapidity with which the goods would be delivered, and the certainty of the consignees getting them at the earliest possible moment. If, therefore, they could do this, of which there is no doubt, why should the Post Office get so much [32] space as it now occupies upon every train without paying for it, at least as much as the Company could get for that quantity of space from the public.

There is also to be borne in mind, as before stated, that the rates are fixed (as passenger fares are) with a view to increasing the quantity as much as possible, and that if it were understood that only a limited quantity of freight was likely to offer, or would be brought upon the Railway, the rates which now exist would be very considerably increased, and of course in that way, if the principle of freight rates were applied to the Mail Service, would add considerably to the amount which the Post Office ought to pay.

In connection with this question of freight rates, it may be well to state what are the payments made by some of the leading Express Companies in America to Railways in the United States. Two prominent Companies can be quoted as bearing upon the present question. The American Express Company,

which is the largest Express Company in the United States, has a contract with the New York Central Railway Company, which is on the following terms:—

They are allowed space sufficient for 10 tons each way daily, at a charge of \$400 a day, or $\$411\frac{3}{4}$ per mile of Railway, all excess of weight being charged and paid at 75c. and 85c. per 100 lbs., which is considerably in excess of ordinary 1st Class Freight.

The Grand Trunk give the Post Office Department $\frac{1}{3}$ of a car twice each way daily, which is equal to a space of $6\frac{2}{3}$ tons daily, each way, specially appropriated for Mails.

If the Post Office Department paid the Grand Trunk in the same proportion as the contract between the Express Company and the New York Central, it would amount to \$274 per mile per annum.

The American Express Company has also a contract with the Michigan Central Railway, the terms of which are as follow:—

They are allowed space sufficient for 5 tons each way daily, at a charge of \$150 per day, or $\$165\frac{1}{4}$ per mile of Railway, all excess of weight being charged and paid at 75c. per 100 lbs., which is very much in excess of ordinary first class freight.

Applying the $6\frac{2}{3}$ tons space, each way daily, given to the Post Office by the Grand Trunk, the amount payable to the latter, based on the Express contract on the Michigan Central, would be \$220 per mile of Railway per annum.

It will thus appear that if the space occupied by the Post Office Department were appropriated to passengers or to ordinary first-class freight, or to Express Companies, that the fair average value of such space would considerably exceed the fair average rates which are paid by the United States Government to the railways mentioned in the list printed in this memorandum, at page 20.

There is another point which is worthy of consideration, and it is this: The Government of Canada pays a line of Steamers running between Liverpool and Quebec in summer, and Portland in winter, now \$218,000, or about £44,000 sterling a year, for the carriage of mails between the points named.

This is a large reduction upon what the first payment was, which amounted to \$416,000 per annum. For the payment of \$218,000 the Steamship Company carry the mails once a week each way between Liverpool, Quebec and Portland, requiring them to run something like 280,000 miles of steam navigation during the year. The cost incurred in establishing the steamboat line does not exceed, if it amounts to, £750,000 sterling. The Steamship Company have no permanent way to provide upon which to run their ships (nature having provided them with all that is necessary in that particular). The identical mail matter which is carried upon these steamships between [33] Liverpool and Quebec and Portland is carried upon the Grand Trunk Railway, with the single exception of, during summer, the Quebec bags. In addition to this, of course, the Grand Trunk Company carry the entire internal correspondence of the country. To show the importance which is attached by the Post Office Department to this question, the following extract is given from the Postmaster General's Report for the year ending September 30, 1859:—

“The superiority given to the Canadian route as a medium of intercourse with Europe by the essential advantages above noticed is, of course, applicable to the acceleration of the European correspondence of the large section of the United States lying West, North-west, and South-west of Canada and the great lakes—and as mentioned in a previous Report the attention of the United States Government had been led to the consideration of the point, but without any definite result until the establishment of the weekly voyages of the Canadian Packets throughout the year, and the completion of the Grand Trunk Railway, and of the Victoria Bridge across the St. Lawrence at Montreal so as to form an unbroken line from Detroit to Quebec (and to Portland)—ENABLED THE CANADIAN POST OFFICE TO OFFER ARRANGEMENTS FOR THE TRANSPORT

OF MAILS BETWEEN THE UNITED STATES AND EUROPE BY THE CANADIAN ROUTE OF SO ADVANTAGEOUS A CHARACTER AS TO LEAD TO THEIR PROMPT ACCEPTANCE BY THE AMERICAN GOVERNMENT—and closed mails are now under regular conveyance between Liverpool and Cork on the one side and Detroit and Chicago on the other, composing the European correspondence of all the Western, South-western, and North-western States. Mails between the New England States and Europe also pass under this agreement by the Canadian Packets.”

From the foregoing extract it will be seen that but for the completion of the Grand Trunk Railway, the great advantages to obtain which Canada considers it desirable to pay \$218,000 a year, could not have been secured, and yet to that Railway the Government have up to this time declined to make any reasonable payment for the carriage of the Mails.

It has already been stated that the cost of the Steamship Line does not exceed £750,000 sterling. The subsidy of £44,000 sterling a year to that Company is very nearly equal to six per cent. on the entire capital invested. Of course when the amount was nearly double its present rate, the Steamship Company was secured nearly twelve per cent. upon its outlay without any reference to its ordinary traffic, which, as is well known, has been extremely valuable and profitable.

Without the Grand Trunk Railway and the Steamship Line, Canada and her Post Office revenues, as well as her position as the best route on the Continent, could not have secured the great advantages they now enjoy with reference to the carriage of Mails to and from portions of the United States and Europe.

The capital invested in constructing the Grand Trunk Railway of Canada, beyond the amount advanced by the Government, is very nearly £13,000,000 stg. Six per cent upon that, which is the rate paid to the owners of the Steamship Company, would amount to £780,000 sterling a year. It will, of course, be borne in mind that the Grand Trunk Company has to keep up a most expensive permanent way in order to run trains with safety and regularity, involving a large annual cost for doing so. So much so indeed that by the Reports of the Company it will be seen that in addition to the ordinary expenses for the daily work upon the Line, the Company is now expending £70,000 sterling a year, in order to keep its Railway in a proper state for the safe transport of the public and Mail service.

It would really seem, inasmuch as the Grand Trunk Railway actually carries all the mail matter that is carried upon the Steamship Line, and in addition the entire internal correspondence of Canada tributary to the Railway, that if it is considered reasonable to pay six per cent. interest upon the outlay incurred on the Steamship Line, at least that rate of interest [34] should be awarded to the Company upon the capital it has invested in bringing the Railway into existence, and this it need hardly be said is very greatly in advance of any claim the Company has ever made.

Six per cent. upon the amount of the debts which existed at the time of the passing of the Arrangements Act of June 9, 1862, and which debts were absolutely and entirely destroyed as legal claims upon the Company, would amount to a gross sum of £150,000 sterling per annum, which would be at the rate of \$750 per mile of Railway per annum for Postal service, which is less than the rate paid by the English Post Office to Irish railways.

It must also be borne in mind that the Post Office Department has now reached its maximum expenditure for its ordinary purposes, and that a very large business in addition to that now in existence in the Post Office Department, can be carried on without any increase of cost. Increase of Postal revenue therefore will almost entirely mean net profit to the Department.

The payment to be made to the Railway Company for the carriage of Mails is to be fixed for a certain number of years. For this the Department will occupy a certain amount of space which they can fill to as large an extent as they please. All additional business of the Department, and which is carried on in the space appropriated to them by the Railway Company, will be for the sole benefit of the Post Office Department, the Grand Trunk Company getting a fixed payment and deriving no benefit whatever from the yearly increase taking place in the revenue of the Post Office Department.

There is another point to consider, and that is this, that during winter the mails in connection with the steamship lines are carried over the Grand Trunk Railway from Portland to the boundary of Canada, by a line for which they pay a very heavy lease in the United States, and the cost of which is not included in their capital account. The arrangement between the Canadian Post Office and the United States Government is to the effect that the Canadian Government shall get the full postage on all letters coming that way between Liverpool and Canada, the United States Government getting nothing whatever for the carriage of the mails between Portland and the boundary of Canada.

The Grand Trunk Company is therefore carrying mails for the Canadian Post Office, for which that Department gets paid in the postage from Europe over the line of Railway for which the Post Office Department do not pay the Company anything, and to that extent, therefore, the Company is injured, and the Post Office Department benefited.

This lasts for five months in the year, and the Company are compelled to run trains from Portland to the boundary line as soon as the steamer arrives, specially for that purpose, and are also obliged to run trains to catch the steamers, in order to accommodate the mails, and which trains are not required for the purposes of its ordinary traffic.

This certainly ought to be taken into consideration in determining the amount to be paid to the Grand Trunk Railway Company by the Post Office Department of Canada, because it is evident that it is a service from which the Post Office Department derives very considerable benefit, but which can only be carried on by the Grand Trunk Company at considerable cost to them, and for which, therefore, the Post Office must pay.

It must also be considered that in carrying on the Mail Service with the Ocean Steamers, both at Portland and Quebec, the Company has to run trains specially for the carriage of the mails, immediately on the arrival of steamers at either place. Doing this of course takes away from their ordinary trains, traffic, which, but for the necessity of forwarding the mails at once, would go by the ordinary trains. Therefore these trains carrying mails are special trains, run solely for the accommodation of the Post Office Department, in order to expedite the delivery of letters, and from which the Government and the public derive a great benefit.

In the same way, if the trains of the Company do not suit the departure of the vessels, the Government requires the Company to run special trains in order to accommodate them; and these, again, are solely for the benefit and advantage of the Government, are run by the Company at considerable expense, and all traffic carried by them is simply so much taken away from the ordinary trains which the Company are compelled to run.

It is believed that the matter has now been discussed in all the aspects which are necessary to a proper consideration and decision of the question. It will be apparent from the statement with which this memorandum commenced that great injury has been inflicted on the Company by the delay which has taken

place, and the vexatious proceedings which have occurred since the passing of the Order in Council of the 2nd of October, 1861, to say nothing of the breach of faith committed by the Government in carrying on the arbitration until after the Act of Parliament, taking away the rights of Creditors and Bondholders, had been passed, and then in a few days breaking it up, and, up to the present hour, avoiding any settlement of the question.

The damage to the Company it is impossible to accurately estimate in figures, but it is quite safe to say that the discredit which has thus been thrown upon the securities of the Company has inflicted a loss upon the holders of not less than £500,000 sterling.

The urgent importance therefore of a speedy and liberal settlement cannot be too strongly urged on the Commissioners, as it will at once be evident to them, the extreme hardship of the position of the creditors of the Company, who have now been for upwards of three years practically denuded of their legal rights against the Company, and have not up to the present moment received one farthing either of interest or principal.

MONTREAL, 16th January, 1865.

GREAT WESTERN RAILWAY OF CANADA.

POSTAL SERVICE.

Statement of the Company.

At Quebec, Thursday, 16th February, 1865.

SIR,

In a letter dated the 24 ultimo, which I had the honor to receive from you, you were good enough to transmit to me an extract from the Postal Commission, and at the same time to request that I would furnish the Commissioners with any claim I might have to make under any clause in the said extract.

In reply to this request, I took the liberty of forwarding to you copy of a letter which in answer to a similar call from the Postmaster General, in October and November, 1863, I had the pleasure of addressing to the Secretary of the Post Office on the 30th December, 1863.—The contents of that letter are as follows:—

“ Referring to your letter of the 17th October, my response of the 10th November, and your answer of the 18th November and 5th instant, I now beg to lay before you the Statement of this Company, in reference to the remuneration for the services rendered by them to the Post Office Department.

“ The account rendered conditionally by the Company to the Post office, for services from April 1854, to the 31st January 1862, showed a balance due by the Post Office Department of \$204,005.70, while the amount credited to the Company by the Government up to the 31st December 1861, was \$167,897.00.

“ The account since rendered by the Company, to the 31st January 1863, shows a balance against the Post Office Department of \$238,505.70.

“ In each case the particulars of the charges made have been given in the account, so that it will be unnecessary for me to do more than annex copies of them to this letter. The rate of \$100 per mile has been taken as the basis of the account, but the Government have from time to time been advised that the Company have considered the amount named inadequate.

“ On the 19th November 1858, Mr. W. H. Griffin, in a letter addressed to the Company, stated that an Order in Council had been passed settling the rate to be paid to the Railways, and promised to communicate this Order in a few days. Such communication, however, does not appear to have been made; and the Company have continued to render their accounts as previously, always under protest that the amount was unremunerative. The Government, notwithstanding, have advised the Company that certain amounts have been placed to their credit; but these amounts have not at all agreed with the Company's accounts, nor with the Order in Council under which the payments were supposed to be calculated. In a letter received from you, dated the 18th ultimo, a copy of the Order in Council upon which the payment set aside by the Government purports to have been based, has been sent to me. This is the first time such Order has been received by the Company.

“ In a previous communication, addressed to me on the 12th January last, you informed me that the sum of \$24,150 had been paid by your Department to the Receiver General of the Province, to be placed to the credit of the Great Western Railway Company, as payment of the Mail service performed by the Company for the year 1862. This amount appears to have been arrived at by appropriating \$70 per mile of Railway worked by the Company, as the remuneration for the service rendered,—thus : 345 miles of Railway at \$70=\$24,150.

[2] * “ But the Order in Council states “ that the following rates should be adopted ” :—

- “ *First*—For a service once a day each way by travelling Post Office,
“ fitted up for the purposes of the Mail, and occupying the space of
“ one-third of an ordinary Car,
“ Forty dollars per mile of Railway, per annum, for a Night Train.
“ Thirty dollars per mile of Railway, per annum, for a Day Train.

“ *Second*—For mails sent by Railway as ordinary Baggage or Freight, in
“ charge of Companies' or Post Office Guard, and without travelling Post
“ Office :—

“ When not exceeding 2 cwt. in weight, two cents per single Train per mile.

- “ *Third*—Any additional number of daily or nightly trips, or excess of
“ accommodation required for the Travelling Post Office over and above
“ the third of a Car, under the first clause, or of weight of Mails sent
“ under the second—to be paid for in proportion at the rates therein
“ named.”

“ The payment in accordance with this Order would not be so much per mile of Railway worked, as appears to have been the method of calculation adopted by the Post Office Department, but so much per Day Train, and per Night Train, in Post Office Cars; and so much for extra services performed by other Trains by the Company's servants.

“ Under the Order in Council (Sept. 1858) which, as will be seen, gives the

* The figures in brackets refer to the page of the memorandum as referred to in the Evidence.

Company \$30 per mile of Railway per annum for each Day Train, the *annual* payments for the service by Post Office Car would be as under :

DESCRIPTION OF TRAIN.	FROM	TO	MILES.	CHARGE AS PER ORDER IN COUNCIL PER ANNUM.	AMOUNT.
					\$ c.
Day Express	Windsor	London.	109 ³ / ₄	\$30 per Mile.	3,292 50
Do.	London	Windsor	109 ³ / ₄	"	3,292 50
Accommodation	Do.	Sus. Bridge..	119 ¹ / ₄	"	3,577 50
Do.	Do.	Do.	119 ¹ / ₄	"	3,577 50
Do.	Sus. Bridge..	London	119 ¹ / ₄	"	3,577 50
Do.	Do.	Do.	119 ¹ / ₄	"	3,577 50
Day Express	London	Sarnia	61 ¹ / ₄	"	1,837 50
Do.	Sarnia	London	61 ¹ / ₄	"	1,837 50
Accommodation	Guelph	Harrisburg ..	27 ¹ / ₂	"	825 00
Do.	Do.	Do.	27 ¹ / ₂	"	825 00
Do.	Harrisburg ..	Guelph	27 ¹ / ₂	"	825 00
Do.	Do.	Do.	27 ¹ / ₂	"	825 00
Do.	Hamilton ...	Toronto	39	"	1,170 00
Do.	Do.	Do.	39	"	1,170 00
Day Express	Do.	Do.	39	"	1,170 00
Accommodation	Toronto.	Hamilton ...	39	"	1,170 00
Do.	Do.	Do.	39	"	1,170 00
Day Express	Do.	Do.	39	"	1,170 00
				"	
TOTAL.....					\$34,890 00

" In addition, however, to the foregoing services, there have been Mail Bags conveyed daily in charge of the Company's Employés by the following Trains :

DESCRIPTION OF TRAIN.	FROM	TO
Night Express	Windsor	Sus. Bri lge
Do.	Sus. Bridge	Windsor.
Accommodation	Do.	Ingersoll.
Do.	Ingersoll ...	Sus. Bridge.
Mixed	London.	Sarnia.
Do.	Sarnia	London.
Night Express.....	Toronto	Hamilton.
Do.	Hamilton ...	Toronto.
Mixed.....	London	Appin.
Do.	Appin	London.

" The Order in Council relating to the foregoing service provides that if the Bags do not exceed two cwt. in weight, two cents per single train per mile shall be allowed ; but the Company never having received intimation of this arrangement, it appears that the weight of the Mail Bags so conveyed by them has never [3] been recorded. It is utterly impossible, therefore, for me to make out a statement shewing what the amount for the whole services rendered would be under the Order in Council. It is to be hoped, however, that the Post Office authorities have kept correct accounts of the weight of the Mails so carried by the Company. If this has been done, it will be easy to arrive at the aggregate

amount accruing to the Company under the Order in Council referred to. But the statement already given shews a wide difference between the amount credited to the Company by the Government and the amount they ought to have credited under the Order in Council. *Exclusive of any payment for the Mail Bag service*, it amounts to \$10,740 per annum.

" From the 1st January 1858, to the 31st December 1862, the services performed by the Company have been similar in all respects (except as regards the Sarnia Branch, which was not opened until 27th December 1858) to those which have been performed during the present year, 1863, and which are specified at pages 8 and 9 of this letter.

" As the Order in Council is dated September 1858, I take it for granted that its application is intended for the whole of that year and subsequently. Supposing, therefore, that the accounts rendered by the Company up to the 31st December 1857, were a reasonable charge for the service performed up to that time; and that from the 1st January 1858, the Order in Council, passed in September of that year, was acceptable to the Company, the amount due on the 31st December 1862, (being the date up to which the Post Office have made its last account) would be as follows :

FROM	TO	AMOUNT.
April 1st 1854,.....	31st December 1857,.....	\$ 67,940.98
(Extras Guelph and Berlin Branches).....		219.28
Jan'y 1st 1858,.....	31st December 1858,.....	31,215.00
Jan'y 1st 1859,.....	31st December 1859,.....	34,890.00
Jan'y 1st 1860,.....	31st December 1860,.....	34,890.00
Jan'y 1st 1861,.....	31st December 1861,.....	34,890.00
Jan'y 1st 1862,.....	31st December 1862, :	34,890.00
		<hr/>
		\$238,935.26

" The above does not include any charge for the conveyance of Mail Bags in custody of the Company's Employés, but, exclusive of the amount due for that service, it will be seen that, under the Order in Council, the sum due to the Company up to December 1862, *beyond that which has been credited by the Postal Department*, is \$46,888.18. A reasonable sum, added to this, for the services referred to, but not taken into account, will considerably augment this amount.

" Until the present time it has not devolved upon me to communicate with the Government upon the subject of the payment for the Postal services rendered by the Railway Company; but as may naturally be supposed, I have, in common with other Railway Officers, observed with much interest, the leading features of the recent lengthened Postal controversy between the Government and the Grand Trunk Company.

" The invaluable character of the Postal service, may be strikingly comprehended by a mere reflection upon the privileges, and advantages, now enjoyed by the Commercial and Letter-writing community, as compared with those which existed before the Railways were introduced.

" The simple fact that since Railways were established, the annual number of Letters and Newspapers passing through the Post Office Department of the Province has increased some 400 per cent., is alone sufficient to prove the incalculable advantages which the Railway system has been the means of bestowing upon the country and government generally. It is well known, too, that where it formerly occupied *days* to effect written or personal communication between places, it may now be said that it only takes as many *hours*. In the one case the transit was rude, uncomfortable, irregular, and insecure; and in the other

all difficulties, *by an enormous outlay of capital*, have been overcome, and comfort, regularity, and safety have been ensured. To use the language of an official report,—“ robberies and loss, and damages from exposure to weather and other causes of injury, unavoidably incidental [4] to the transport of heavy Mails by Stage or Waggon over the ordinary roads of the country,” have been obviated by the introduction of Railways (*vide* Report of the Postmaster-General for year ending 31st March, 1856.)

“ Not only, therefore, has the Railway system proved of invaluable service to the country in a commercial and general point of view, but to the Government, and Post Office Department especially, its great and lasting advantages have been so striking as to be *officially* acknowledged in a public report. It has not only enabled the Government to extend a complete postal communication throughout the length and breadth of the Province, but it has enabled it to establish a comprehensive organization of all its Departments. It has enabled it to attain what it could never otherwise have hoped to see accomplished so soon—the rapid development of the whole Canadian Territory—the promotion of commercial and political progress of the Province in such a ratio that no other reasonably available means could have effected. In short, it has been, and is, the great and reliable instrument in the hands of the Government for the advancement, preservation, and consolidation of the country.

“ Yet, these inestimable advantages, attained only through the Railway system, appear to be overlooked by the Government, and endeavors seem to have been made to underrate the character of the Mail service rendered, and to coerce the Companies into the acceptance of an amount which is unremunerative.

“ It cannot, therefore, I think, be surprising that strong objections have, from time to time, been made by the Railway interest, and that a larger and more liberal payment for postal service has been claimed. The Great Western Company have constantly demurred to the inadequate amounts which have been allocated by the Post Office Department, but no settlement, ever since they commenced to carry the Mails in 1854, has yet been effected.

“ I cannot understand that it is sound to under-rate the importance of the service performed—to class it with the commonest (freight) service undertaken by the Company---and to place the rate at the lowest possible computation. It may be, as has been stated, that His Excellency the Governor in Council “ has by law the power of determining the rate of remuneration for all Railways in Canada,” but the rates which have been so arbitrarily fixed have been so inadequate, that, according to the Report of the Minister of Finance in October 1861, to His Excellency the Governor in Council, they have been “ subject to the protest of all the Railways in the Province.” Since that date, the Government have again had the whole question of Postal remuneration before them. Until recently, they have dealt exclusively with a particular Company, but the late Honorable the Postmaster General (Mr. Foley) declined to pronounce in favor of any one of the estimates made. Arbitration was proposed to be resorted to, but even this practical and reasonable mode of arriving at a fair remuneration, has not, up to the present time, been ratified.

“ Under these circumstances, the Great Western Railway Company have been directed to transmit, for the consideration of the Governor in Council, a statement of what they claim as a reasonable allowance for postal service, and of the reasons at length on which such claim is based, together with the evidence they have to offer in support of it. The Company are further requested to state the charge for Passengers---1st, 2nd, and 3rd class respectively---the charge for Season and Return Tickets respectively---the charge for freight by freight trains,

by mixed trains, and by passenger trains when parcels or other freight are so carried---the difference made for constancy of service in carrying freight---and the agreements with Express Companies.

"With regard to these enquiries, I beg to state that the Company's ordinary charge for a first class passenger is three cents per passenger per mile. No Season Tickets are issued. In some cases, Return Tickets are given, under certain restrictions, at one fare and a-half for the double journey.

"The charges for freight vary according to the articles carried---their bulk, &c., &c. Our tariff charge for first class goods is equal to nine cents per ton per mile. The charges by mixed trains are the same as by freight trains (the mixed train consisting generally of local freight with a passenger car attached.) The Company do not directly carry parcels or freight for the public by passenger trains; parcels by passenger train are taken charge of by Express Company, under a temporary arrangement, the terms of which are under revision. We have no agreement with any particular Trader for a constancy of service. The Mails we carry for the United [5] States come under Seal, and are simply placed in the charge of the Baggage-man with Passengers' Baggage, and no particular compartment is set apart for them.

"From the enquiries made by you as to our charges for the conveyance of freight, I infer that the Government have an idea that the important Mail service of the country which we render by Express and other Passenger Trains, may be placed on an equality with articles carried by freight trains; and as this apparently forms a leading view, I may---in order to shew the reasons which have induced the Company to consider the amount, arbitrarily awarded by the Government for the services rendered, as inadequate and inconsistent with the important duty entrusted to them---appropriately refer to the remuneration the Company would receive upon such a basis for the accommodation given.

"The space allotted to the Post Office is considerably over a third of a Car, or, say---equal to a carrying capacity of at least three tons.* Taking this weight, therefore, as the basis of calculation, the Company would, at first class rates, receive an annual payment of \$99,534; or, per mile run per annum, \$85.58; or, per mile of Railway per annum, \$289.

"And this does not include any charge for the Mail Bag service performed by the Company's Employés, as specified at page 9. Making allowance for this, however, the amount payable to the Company, at this low computation, would be considerably over \$300 per annum per mile of Railway for the very extensive service rendered.

"But the cost of fitting up a Post Office Car (and we have seventeen of them specially adapted for the Postal service,) is three times greater than that of an ordinary Freight Car. The speed at which the Passenger Trains run is more than double that of Freight Trains; the wear and tear occasioned by the former is much greater than by the latter; the Passenger Train service is far more important, and is conducted with greater precision, regularity, and efficiency; the space allotted in the Cars for the Post Office is reserved exclusively for their use, while Freight Cars can be used for any purpose and at any time; no fires have to be kept up in them; no fittings are required; no expense for lamps and oil or candles has to be incurred; and the Company are not responsible for human life, as they are in the case of Post Office Clerks conveyed in Post Office Cars.

"The fares for Post Office Clerks alone, supposing one only travels with each of the Post Offices sent with the Mails on the Great Western Line, would, at

* This calculation is understated---It should have been 3½ Tons.

the ordinary rate charged to the public, amount to \$11,000 per annum. It frequently happens, however, that extra Clerks are sent free by the Post Office Department in the Cars appropriated to their use ; and, in addition to this, the Government demand Annual Passes over the whole Railway for the Honorable the Postmaster-General, the Deputy Postmaster-General, the Secretary, and two Post Office Inspectors (five in all) ; and these Passes have been issued for the ensuing year, 1864. If these were charged for, as they assuredly ought to be, the payment of Fares alone for the Post Office Officials, would go far towards making up the *total* sum which the Department has hitherto proposed to allow, for the *entire Postal service* performed by the Company. The unreasonableness, therefore, of such a remuneration, cannot fail to be vividly seen, when put in contrast with the payment which would be due to the Company if even no greater charge were made, than for a common and rude service performed by slow *Freight Trains*.

“ Seeing, however, that the Mail service is performed by *Passenger Trains*, and that the Company set apart in the Post Office Cars attached to such Trains for the Post Office service, a space equal to the accommodation of at least twenty First Class Passengers, it would be far more reasonable to assume that the Company are entitled to receive an amount equal to the fares such number of Passengers would be required to pay. Were this done, and the Company to make a reduction from a full fare each way to a fare and a half for the double journey, the amount of remuneration the Company would receive would be about \$146,700 per annum for the service by Post Office Cars. To this amount would have to be added a reasonable payment for the Mail Bag service, otherwise rendered by the Company---say \$10,000 ; making a total sum of \$156,700 per annum ; and this figure is exclusive of any allowance for the *five* Annual First Class Passes, which the Department have required the Company to forward to the principal Officers of the Post Office.

[6] “ The case submitted by the Grand Trunk Company, and which has been published in the return of Documents relating to Postal service, printed during the present year by order of the Legislative Assembly, refers so fully to the amounts paid by the Post Office Departments in England, Ireland, and the United States, and shows so conclusively how small the remuneration hitherto proposed to be paid in Canada, is, as compared with the amounts paid for similar services by those Governments, that it is perhaps unnecessary for me to do more than draw attention to the circumstance ; but, as a further instance, coming immediately under my own notice, I may state that the remuneration paid by the United States Government to the Detroit and Milwaukee Railroad Company, which, as you are aware, is in direct connection with the Great Western Company’s Line, and under their control, is \$100 per mile of Railway per annum, for a service which can bear no comparison in extent with that performed by the Great Western Company for the Canadian Government, and which is at least five times greater.

“ Looking, therefore, to the extent and importance of the service performed by the Company, the manner in which it is conducted, the large expense incurred on its account, and the fair claim the Company most unquestionably have to a liberal and reasonable profit for the duties and services they have to discharge, my Directors consider that their proprietors would be inadequately remunerated by an allowance of any sum less than \$450 per annum per mile of Railway. And in order to show their sincere desire to deal fairly with the question, they will, if the Post Office should unfortunately not concur in the views expressed, be happy to consent to submit the whole matter to the arbitration of two impartial

persons to be appointed by the Government and the Railway Company respectively, and in case of difference, to an Umpire to be mutually chosen by them."

Such was the statement submitted by the Great Western Company, in December 1863.

On the 2nd instant I had the pleasure to receive from you a notification that the Commissioners would be glad to see me, and accordingly I waited upon them on the following day, the 3rd instant.

At the interview which then took place, my attention was particularly directed by the Commissioners to a Report which the late Postmaster General (the Hon. Oliver Mowat) made to the Government on the 12th August, 1863, in reference to the question of compensation to the Grand Trunk Railway of Canada for the carriage of the Mails, and I was directed by the Commissioners to furnish them with the half-yearly published Reports of the Great Western Railway Company, from 1858 to the present time; also the Tariff of Freight Rates adopted by the Company during the same period; also the terms of agreement, if any, which the Company may have with any Express Company; also the particulars of the arrangement between the United States Postal Department and the Great Western Railway for the conveyance of letter bags in bond between Detroit and Suspension Bridge; also some data as to the difference of cost between the running of Passenger Trains and Freight Trains, more especially as regards speed.

I have now the honor of complying with the behests of the Commissioners. In doing so I have to apologise for the unavoidable delay which has taken place, occasioned, as it has been, by my having to refer to Hamilton for the documents required. The half-yearly Reports from July 1858, to July 1864 inclusive, are enclosed herewith. The tariff rates of the Company for 1858 I am unable to forward, as there is not, that I can find, any copy extant; but I enclose the table which was issued in January, 1859, and which has continued in general operation.

With regard to the conveyance of Mail Bags in bond between Suspension Bridge and Detroit, there is no written contract with the Company. The bags are carried in the baggage car with the passengers ordinary baggage which is locked up at one end of the road, and not unlocked until it has reached the other. The amount which the Company receive for the same is \$50 per mile per annum. The service has been looked upon as exceptional and of an auxiliary character. The company are required to find no cars for the purpose, there being sufficient space to accommodate the bags in the compartment set apart for ordinary baggage. If the Company did not convey these Mail [7] Bags, the payment would be lost to them as they would go by the Lake Shore American route. The through Mails being conveyed over a Canadian Railway, has a potential influence with American Travellers; inducing them to select the through Mail route adopted by their own Government. Consequently while the sum received for the service is admittedly inadequate, the collateral advantages arising therefrom dictated the arrangement as a matter of policy.

In a similar way it might be said we have no agreement with the American Express Company, as there is a simple understanding that their express matter shall be conveyed over the Great Western Railway at fifty per cent more than the first or highest class freight rates. The Railway Company have not considered this an adequate remuneration for the service performed; they therefore have declined to renew an agreement for any period of time, so that on a favourable opportunity occurring they might be in a position either to take the express business into their own hands, or to increase the price charged as might become expedient.

As in the conveyance of United States Mail bags, there are extensive collateral advantages arising out of an arrangement with the Express Company, whose agencies are spread universally over the American Continent and whose Officers use their influence in promoting the ordinary passenger and freight traffic over the Railway used by their express. These Agencies exercise a control over travellers and freight traffic, the value of which is undoubtedly very great to the Railway Company. Thus beyond the mere payment they receive from the American Express Company the Great Western have the advantage of their advocacy in all the principal places on the American Continent.

In comparing therefore the payments of the Express Company to the Railway Company, with the payments that should be made by the Postal Department of this Province, the valuable auxiliaries I have referred to, must be prominently borne in mind. The Company receive no such aid from the Postal Department of this Province. Its Officers do not act in any way as the advocates or agents of the Railway Company; they are not brought in contact with the travelling public or the Trading Community, and their voice is of no moment whatever in securing general traffic to the line.

With these prefatory remarks I now beg to submit a statement shewing what would be the payment to be made by the Post Office Department to the Great Western Railway based upon the actual service rendered *by Post Office Cars* if conveyed at express charges.

From	To	Mileage.	One and half 1st Class rate in cents per 100 lbs.	Per 3½ Tons.
Windsor.....	London.....	109 $\frac{3}{4}$	75	\$49.95
London.....	Windsor.....	109 $\frac{3}{4}$	75	49.95
".....	S. B.	119 $\frac{1}{4}$	82 $\frac{1}{2}$	54.94
".....	".....	119 $\frac{1}{4}$	82 $\frac{1}{2}$	54.94
S. B.	London.....	119 $\frac{1}{4}$	82 $\frac{1}{2}$	54.94
".....	".....	119 $\frac{1}{4}$	82 $\frac{1}{2}$	54.94
London.....	Sarnia.....	61 $\frac{1}{4}$	42	27.97
Sarnia.....	London.....	61 $\frac{1}{2}$	42	27.97
Guelph.....	Harrisburgh.....	27 $\frac{1}{2}$	19 $\frac{1}{2}$	12.98
".....	".....	27 $\frac{1}{2}$	19 $\frac{1}{2}$	12.98
Harrisburgh.....	Guelph.....	27 $\frac{1}{2}$	19 $\frac{1}{2}$	12.98
".....	".....	27 $\frac{1}{2}$	19 $\frac{1}{2}$	12.98
Hamilton.....	Toronto.....	39	25 $\frac{1}{2}$	16.98
".....	".....	39	25 $\frac{1}{2}$	16.98
".....	".....	39	25 $\frac{1}{2}$	16.98
Toronto.....	Hamilton.....	39	25 $\frac{1}{2}$	16.98
".....	".....	39	25 $\frac{1}{2}$	16.98
".....	".....	39	25 $\frac{1}{2}$	16.98
		1163	Per day	\$529.40

Per year \$165,702.20

Per mile of Railway per year \$480.87

[8] Thus the amount which would accrue to the Company if the service rendered to the Postal Department were paid for at the same rate paid by the American Express Company, would be \$480.87 per mile of Railway per annum or \$529.40 per day or \$165,702.20 per annum. Including the charge for the subsidiary service performed by the Company in the conveyance of mail bags in custody of the Company's servants—the payment for which has been estimated at \$10,000 per annum—the payment per mile of railway would be \$509.28 or per annum \$175,702.20.

With regard the relative cost of working passenger and freight trains upon which the Commissioners require information the following remarks are offered :

The power consumed, or, its relative equivalent, the work accomplished, in the motion imparted to a Railway train, is, theoretically speaking, the product of the speed and resistance, or load hauled. Hence, the same power that will haul a light load at a high rate of speed, will, other things being equal, haul a heavy load at a low rate of speed. And as the power consumed or expended under such circumstances is the measure of cost, the hauling of a light load at a fast speed becomes as expensive as the hauling of a heavy load at a slow speed. The load generally hauled upon passenger trains is only about one third of that hauled upon a freight train: so that from the above data it is apparent that the cost per ton or per car hauled on passenger trains, is as much in advance of the same on freight trains as the number of cars hauled upon the latter is greater than the number hauled on the former. Again, taking the question beyond a theoretical point of view, there are facts connected therewith which experience teaches us, add materially to the expense of running trains at high speeds, such as the more rapid wear of the rolling stock, and the permanent way or track. The action which takes place between the rolling stock of a railway and the track upon which it runs is a percussive one, resembling in effect the sudden and repeated blows of a hammer; and the greater therefore the speed of a train, just so much quicker, and consequently more forcible and damaging in effect is the pounding which occurs between the wheels and the rails.

From the foregoing considerations it may be stated generally, that all trains become more or less expensive to work in proportion to the speed at which they are run; as the following facts from our own working will show:—

As a rule, upon the Great Western Railway, Passenger Trains are run at a speed varying from 25 to 32 miles per hour, and Freight Trains at from 10 to 16 miles per hour; or the relative speed of Passenger Trains as compared with Freight Trains is as 2 to 1. The comparative cost in fuel and lubricating material for running the two classes of trains in question, namely, Passenger and Freight, is found to be as 2 to 1; or in other words, it costs 100 per cent more in *consumed stores alone* to haul an average weight at a Passenger Train speed, than it does to haul the same weight at a Freight Train speed. To this cost we have to add that of wear and tear of the locomotive machinery employed, which in the case of Passenger Trains is found to be greater in proportion to the number of cars hauled by 150 per cent than that which occurs to engines employed in the haulage of Freight Trains. So that in total it would appear that the actual cost of hauling an average weight car upon a Passenger Train is at least 250 per cent more than the cost of hauling the same load upon a Freight Train.

In addition to the above mentioned facts there are other considerations which form an important item in the expense of maintaining Railway rolling stock which must be taken into account when dealing with the question of profit and loss attending different speeds of Railway trains. I refer to the failures or accidents, which if not altogether caused by the increased speed of passenger trains, are in most cases aggravated to a considerable extent in consequence of such speeds.

This is more particularly the case during the winter months when the ordinary speed of Passenger trains cannot, without greater risk and cost, be maintained, owing to the severe strains to which the rolling stock is subjected on account of the frozen and hard or non-elastic state of the track. In proof of this may be cited the fact, that on the Great Western Railway during the ten days of severe weather which occurred from January 21st to 31st of the present year, out of 16 Locomotives which failed, whilst performing their journeys, in consequence of broken wheels, tyres, and axles, 13 of the number were running Passenger trains. These figures testify most clearly that one of the chief causes of the failures enumerated, lay in the speed at which the trains were running, and also goes to form additional and conclusive [9] evidence of the unavoidable extra expense attending the maintenance of speeds such as those run by the Passenger trains of our Railway or of the Continent generally.

Having now dealt with the matters to which my attention was particularly directed by the Commissioners, it becomes my duty to make some observations upon the Report of the late Postmaster General, the Honorable O. Mowat, which is dated the 12th August 1863, but which had not been published nor was known to me when my letter of the 30th December 1863 was written.

So far as the Great Western Company are concerned, the following are extracts in special reference to them, made by that gentleman in his Report ;—

(1.) “ Before the Governor made any Order in Council fixing the rates to be allowed, most of the railways were carrying the mails on terms mutually agreed upon, or which were fixed by the Post Office Department, and generally speaking, acquiesced in by the Companies. Thus the Great Western Railway, which is 345 miles in length, was partially open in November 1853, and received the sum of \$310 for carrying the mails between Hamilton, Niagara Falls, and London, for November and December of that year. For the three following months \$30 a day were charged by the Railway and paid by the Post Office Department for the conveyance of the mails over the whole line from Suspension Bridge to Windsor. This rate is equal to \$40.87 per mile of railway per annum, for the use of all trains run. Afterwards the Company rendered its accounts, dating from 1st April 1854, charging at the rate of \$100 per mile---two mails a day each way being the ordinary measure of service afforded. The Post Office Department, however, deeming this rate too high, refused to assent to it, and made payments, from time to time only on account, until January 1861, when the Great Western was credited, for the period antecedent to the date of the Order in Council of September, 1858, at the rate of \$100 per annum, and for the subsequent period at the rates fixed by the Order in Council. The Company, however, continued to render its accounts, charging \$100 per mile as before.

(2.) “ The rate of compensation asked by the Grand Trunk Railway is \$110 per mile of Railway per annum, and by the Great Western Railway \$100 per mile ; in either case on the understanding that the arrangement would include the use only of the ordinary traffic trains, and of such stopping places for the exchange of the mails as might be selected from the ordinary way stations of the railway, and would not convey to the Post Office any control over the working of the trains used for the mails, either as regards speed or hours of departure or arrival.”

In No. 1 extract it is announced it had been settled that up to September 1858, the payment to the Great Western should be \$100 a mile. At the date of my letter of the 30th December 1863, I was unaware that any such decision had been come to, and I cannot find that any official intimation was made to the Company upon the subject. The extract then states that from September 1858

and subsequent to that period, the sum allocated by the Government for Postal remuneration to the Great Western Company has been at the rate fixed by the Order in Council of September 1853; and which the Postal Department appear to have interpreted to mean \$70 per mile. The remarks however contained in my letter of December 1863, will shew clearly how this Order has been misconstrued and how much less the Government has allocated under it than it ought to have done. I refer to this matter---not with a view of expressing my satisfaction with the order in Council of September 1858, even though the construction put upon it by the Company were admitted---but to shew the discrepancy which has crept in and the apparent disposition on the part of the Postal Department to adopt an interpretation having the effect of reducing the payment to the lowest minimum. Of course zeal on the part of the Post Office Officials in reducing the expenditure of the Department to the lowest point, must be looked upon as a praiseworthy motive, but that motive acts most prejudicially to the Company, when it is considered that the sole power of fixing the payment for Postal Service rests practically in the hands of that Department, though ostensibly it is in the hands of the Governor in Council.

The report of the worthy Postmaster General who has recently retired from office conclusively shews this---the Governor in Council invariably acting upon the Post-[10]-master General's recommendations, whose views must of necessity be mainly guided by officers of experience in postal matters permanently appointed by the Government. Thus it is that an ever vexatious difficulty has been experienced between the Postal Department and the Railways; the Post Office official is directly interested in keeping down the expenditure of his department and consequently in forming views with regard to the value of the service performed by the Companies which shall limit the payment in the most sparing manner; in fact, it is his aim, as it is to his credit, that the payment to the Railway Companies shall be as low as possible; while on the other hand, it must be frankly admitted that it is likewise the aim, as it is to the credit, of the Railway Manager, that he should obtain for the Company the highest payment he can.

Here then are two extremes, and these extremes, from the want of a disinterested and impartial arbitrator are allowed to grow and grow until a simple business matter becomes a most entangled and abstruse problem. At all events, such is the position of affairs at the present moment.

Why some equitable provision for the avoidance of this state of things cannot be made, men of common sense must be at a loss to know. Arbitration, the fairest of all means, is denied to the Railway Company; indeed, the Post Office would seem to reject any plan that can leave a shadow of a doubt as to a decision in their favor. A plea has been put forward that to leave the settlement of the Postal question to an arbitrator who is unacquainted with Railways, be he ever so high a standing as a man of business or position, is most unsafe for the Post Office; if he has no acquaintance with the practical working of Railways it is taken to be a barrier to his arriving at a sound conclusion; while if he happens to be a Railway shareholder, or interested in the conveyance of matter over a Railway, his judgment might be biased. Such are the arguments against the appointment of an arbitrator to settle matters between the Government and the Railway.

It must be seen however that if it is probable that the arbitrator has no practical knowledge of Railway working, it is equally probable that he has no practical knowledge of the business of the Postal Department; if this be so, and

it has been undoubtedly so in most instances, the position of parties whose affairs are being arbitrated, is equal.

The result of the arbitration therefore must mainly rest upon the able advocacy of the one side or the other and upon the intelligence of the impartial arbitrator mutually fixed upon.

The fact of the selection being *mutual*, answers the other point raised with regard to the fitness of the arbitrator on account of any business relations with, or pecuniary interests in the Company. It would be a stigma upon the standing and dignity of Gentlemen of this Province to infer for one instant that intelligent honorable impartial men cannot be found for the settlement of so ordinary a question as a disputed payment by the Government to any Railway Company for the particular services it may render.

Extract No. 2 from the Postmaster General's report states that the rate of compensation asked for by the Grand Trunk Railway is \$110 per mile of Railway per annum, and by the Great Western Railway \$100 per mile. Replying for the Great Western Railway I would respectfully submit that such is an entire misapprehension.

The Great Western Company have to make up their accounts half-yearly, and they have to divide the proceeds of the net earnings of the Railway amongst the various shareholders. To do this, they have been compelled to assume sums which they could safely calculate upon receiving for the postal service under the most unfavorable circumstances, when an adjustment should be made. This statement will, I trust, sufficiently explain why the Great Western Company have published in the half-yearly accounts submitted to their shareholders \$100 per mile as the payment made on account of postal remuneration. Until a short time before my letter of 30th December 1863 was written to the Secretary of the Post office, the Company had never been informed of the order in Council of September 1858; they had continually protested against the insufficiency of the amounts from time to time allocated by the Post Office Department, and the Board of the Company remained content with such protest, hoping that the time would arrive when the Government would consent to a fair adjustment and an adequate remuneration for the work performed.

The Postmaster General's report states that \$110 per mile of Railway were allowed to the Grand Trunk Company in 1858 and after deliberate consideration of the various claims that Company put forward, he apparently came to the conclusion that \$90 per mile [11] of Railway per annum was a proper remuneration for the service performed, and he expressed his opinion in the following terms :

"The rate suggested is not less than it should be, but is a fair and liberal rate towards the Company as well as just to the Province."

With regard to this rate, which is an advance upon the Order in Council of 1858, the Postmaster-General further stated as follows :—

"In the advance which the undersigned has thus felt it his duty to suggest for the future postal services rendered by the Company, he has assumed that there is no moral or equitable obligation on the part of the Province towards this Company any more than to any other of our railways, or that if there is, it should not enter into the calculation of the postal rates we should pay."

The conclusion therefore at which the Postmaster-General arrived, was that the above was a fair payment to the Grand Trunk Company, based purely and simply upon the merits of the actual services performed by them. I cannot for an instant allow it to be supposed that I coincide with the view so arrived at by

the Postmaster General, or admit that such a sum can be justified ; but it remains to be shewn what, upon such a principle, (the actual service rendered) would be the claim of the Great Western Company for the work they perform for the Post Office as compared with the Grand Trunk. Happily the means are at hand for furnishing correct data for this comparison.

At page 6, Blue Book of the Postmaster General's Report, of the 12th August, 1863, it is shewn that the service performed by the Grand Trunk Company west of Toronto, including London and Sarnia, was as follows:—

Annual number of miles run with Post Office car carrying mails..	118,940
Annual number of miles run with Mail Bags without Post Office car.	75,120
Total.....	<u>194,060</u>

The Postal Service performed by the Great Western Company west of Toronto as far as Sarnia, but not including the line between Suspension Bridge and Hamilton, and Komoka and Windsor, was as follows :—

Annual number of miles run with Post Office car carrying mails..	247,583
Annual number of miles run with Mail Bags without Post Office car.	135,059
Total.....	<u>382,642</u>

Thus it will be seen that the Great Western performs for the Post Office west of Toronto, a very much larger service than the Grand Trunk Company ; being as regards miles run with Post Office cars 108 per cent more than Grand Trunk, and as regards miles run with Post Office bags 79 per cent more than Grand Trunk. Indeed in the report of the Postmaster General, he especially alludes to the fact of the Mail Service on the Great Western Line West of Toronto being of far the most importance.

I will now extend the comparison. In the same report it is shewn that as regards the service performed by the Grand Trunk, that between Montreal and Toronto is the most important, and between these places the document also states what service has been rendered, thus :

Annual number of miles run with Post Office car carrying mails..	416,916
Annual number of miles run with Mail Bags without Post Office car.	nil.
Total.....	<u>416,916</u>

While over the entire length of the Great Western Railway, (which is only 12 miles in excess of the Montreal and Toronto section of the Grand Trunk,) the following service has been performed :

Annual number of miles run with Post Office car carrying mails..	364,019
Annual number of miles run with Mail Bags without Post Office car.	269,336
Total.....	<u>633,355</u>

Thus it will be clearly seen that there is a greater average proportion of mail matter conveyed, and a greater mileage service performed per mile of road by the Great Western Company than by any other Company. Taking the service upon the *bare merits* therefore, it is quite evident that the Great Western Company are entitled to a larger payment per mile of railway. And with regard to collateral considerations, it is admitted in the Report of the Postmaster General, the Hon. O. Mowat, that the Great Western Company has the same claim as any other

Company. As these claims however have been so ably put forward by my colleague in railway management, Mr. C. J. Brydges, it is not necessary for me in referring to them, to do more than express a hope that the Commissioners will give them a just and liberal consideration.

[12] I have thus, in order to establish the fair claim of the Great Western Company to a larger payment per mile of Railway, on account of the nature and value of the service performed by them, endeavoured to place before the Commissioners such information as will enable them to decide what the *relative* payment shall be. With regard however to the sum fixed upon by the late Postmaster General---\$90 per mile---I entirely demur to its adequacy as a fair remuneration to the Great Western Company.

From his report, it may be clearly inferred it was the opinion that the Railway Company should charge for the conveyance of the Mail Bags, after the same rate it might be charging an Express Company for forwarding its parcels by a Passenger train; and I also gathered from the Commissioners, when I had the honor of an interview, that they had been somewhat impressed with the same view. If it be that the Railway Company is to be paid after the rate paid to it by the Express Company, I think the paper which I have now submitted will clearly shew that the Great Western Railway is entitled to \$529.40 per mile of railway per annum.

It is hoped that the Commissioners will give proper weight to the fact that seventeen additional cars are provided for Post Office work; ten of which might be entirely dispensed with, provided no mails were sent over the Railway. These seventeen cars form a capital charge of \$25,500; the fittings, stove, &c., cost \$450 each car; the cost of fuel for fires during the winter months is \$9 per day; the cost of lamps and oil used equals \$8 per day; the cost of *repairs* of all the Post Office cars since they have been built has been \$11,856 per annum; and the charge for renewals is \$2,550 per annum. These figures of themselves show how utterly inadequate has been the payment allocated by the Government.

A very extreme view has also been taken in comparing postal matter to the commonest class of freight, and even live stock, which is carried from Windsor to Suspension Bridge in full train loads---45 cars sometimes in a train. Indeed a course has been taken indicative of a most illiberal spirit and of a desire to establish a justification for coercing the Railway Companies into an acceptance of a payment which it would be impossible to call remunerative.

Post office matter cannot be classed with ordinary freight. It is made up of numerous letters, newspapers, and parcels, upon all of which distinct charges are made---the minimum for letters being 5 cents for half an ounce, equal to \$3,200 per ton.

If a comparison therefore is made at all, it must be from the point of the relative value of mail matter, and thus more than the highest charges the Company make for freight could fairly be claimed for the conveyance of the mails. The highest charges on the Great Western Railway are double 1st class, and if this rate be applied to the accomodation given to the Post Office and specially occupied by them for Postal matter, the annual payment to the Company for the service performed would be \$220,934.18 per year or \$640.38 per mile of Railway per annum.

Low class freight is sent in bulk and in large quantities; is taken at the Company's convenience, and when forwarded by wholesale dealers, is generally accompanied with higher class goods. Thus in order to secure the business of a large firm, articles which will not bear high charges are taken by the Railway Company with a margin of profit only, in consideration of the higher payment

made by them for the higher class of traffic they likewise send by Railway. To adopt therefore the lowest rates charged by the Company for such descriptions of freight, as forming a fair comparison between it and mail matter conveyed, would be shewing an illiberality which can hardly be conceived. § 34

It is impossible to believe the idea that a few tons of iron or salted pork can for one moment be entertained as equal in importance and value, to a few cwt. of letters; upon the quick despatch of which probably depends the most important results. If such views were to obtain, Railway Companies, if they were at liberty to do so, would most undoubtedly prefer to avoid the postal service altogether than undertake it upon such illiberal terms.

That such will not be the measure with which the Commissioners will mete out justice to the Railway Companies, I have full confidence. I feel assured that after weighing the whole facts and circumstances which will be submitted to them in connection with the important character of the mail service performed by the different Railway Companies, they will set aside any extreme view which may be taken either by the Post Office Department or by the Railway Companies, and, base their decision upon the just merits of the work performed and the service rendered. I trust also that regard will be had to the great benefits which the Railway system has bestowed upon the country generally; and to the enormous outlay of capital by which alone those benefits have been secured.

Respectfully submitting the above remarks,

I have the honor to remain,

Sir,

Your most obedient servant,

The Hon. WM. HUME BLAKE,
Chairman,
Postal Commission,
Quebec.

THO. SWINYARD.

NORTHERN RAILWAY OF CANADA.

POSTAL SERVICE.

To the Honble. WM. HUME BLAKE,
Chairman,
Railway Postal Service Commission,
Quebec.

NORTHERN RAILWAY OF CANADA,

MANAGING DIRECTORS OFFICE.

[At Quebec, 4th February, 1865.]

SIR,

I have the honor to acknowledge the receipt of your letter of the 24th January, inviting me to submit any claim the Northern Railway Company may have to make under any clause of the Commission dated 16th December, 1864, an Extract from which was attached.

The terms of the Commission, so far as they appear in the said Extract, propose three heads of Enquiry :

- 1st. As to the adequacy of payment provided for the postal service by Railway from the 18th September, 1858, to the 12th August, 1863, being the dates respectively of Orders of the Executive Council relating thereto.
- 2nd. As to the adequacy of the payment allowed under the Order of the 12th August, 1863, to the 14th November, 1864.
- 3rd. As to the amount which should be allowed for the postal service by Railway for the period of three years, commencing 14th November, 1864.

I shall endeavour in the treatment of these subjects to avoid all extraneous or irrelevant discussions, and as far as possible to confine myself to a simple enquiry and practical statement as to the amount of remuneration which would seem to be fairly and reasonably due by the Government for the performance of the Postal Service by this Company, as required by the Post Office Department, and to submit our claim for moneys due in regard to past inadequacy of payment, and to an increased rate at which this Company should in future be remunerated.

The mail service heretofore performed upon the Northern Railway has consisted of two mails per day, each way, viz: one "Regular Mail" each way per day, in charge of a mail conductor, and one "Extra Mail" each way per day in exclusive charge of the Company, being received and distributed by its officers; the "Regular Mail" being a constant, and the "Extra" an inconstant and fluctuating service.

For the performance of this service one third of a baggage car, of a full capacity of ten tons, and run in mail and express passenger trains, at an average speed of twenty-four (24) miles an hour, is exclusively appropriated to the conveyance of mails; representing therefore a special and exclusive appropriation of one third of the carrying space (or 3.33 tons) of four baggage cars each running once per day over the whole mileage (95) of the road, making the daily mileage for each mail (regular and extra) 190 miles.

The Post Office compartments are specially built and fitted for the purpose, their requirements necessarily altering and dictating the whole form and arrangement of the cars:—they are furnished with pigeon holes, shelves, drawers, hooks, and other appliances requisite to the carriage, sorting, and distribution of mail matter:—and are separately lighted and warmed.

Being thus of peculiar construction and sub-division, they are inapplicable to other than mail uses, and cannot be run economically in the general service of the Company. In addition, however, to the four cars for regular running use, the service requires a reserve of two for necessary repair, and to meet accidents and casualties; thus representing a special, and otherwise unavailable stock of six mail cars, of an aggregate value of \$10,000.

A mail conductor in charge of each regular daily mail is carried free; and it is worthy of observation, as suggesting a corrective, that notwithstanding that no separate charge is made for that officer, the Company has been held liable for damage to his person by accident or casualty, as though he were an ordinary paying passenger, instead of, as he is, an official paid for the journeys made and for any special risk pertaining to the ordinary performance of his duties.

The Post Office Department also claims, and receives, free annual passes, available for every train throughout the year, and over the whole line, for its chief officers and staff at Quebec, and for its local District Inspectors: in addition to which the subordinate local officers regard free transit as a right by courtesy if not by departmental regulation.

[2] It is unnecessary here to refer to or enlarge upon the powers possessed

by the Department in the direction and dictation of the details of this service, as regards the timing, departure and stoppage of mail trains, as the Commissioners will acquaint themselves with, and be the best judges of, the bearing of the law in those particulars. This Company, it is fair to say, has no complaint to make of undue or inconsiderate exercise of those powers in the practical operation of the service; but has cheerfully acceded to all requisitions made upon it by the Department and its Officers. It is nevertheless worthy of remark that as "Flag Stations" are numerous upon the Line, at which trains would otherwise only stop on signal, the establishment of Post Offices at those points, has necessitated regular stoppage, and thus deprived the Company of the economy which its own regulations would secure in relation to them. Every stoppage of a train is a special element in wear, tare, time, and fuel, and ought to be remunerated in some form.

In regard to the second or "extra" mail per day, the only appreciable difference in the service is that no mail conductor is carried, but that the mail bags are received and distributed at the various stations by the Company's officers; for although the mails are not sorted *en route*, and some of the special provisions in the Post Office compartment are thus unnecessary, yet as a measure of security the compartment itself would seem to be essential: and the extra labor and responsibility involved in the receipt, care, and distribution of the mail matter, instead of being the subject of a reduction of the payment, is at least an equivalent to the free carriage of a conductor, if it is not a fair claim for a higher rate than that allowed for the regular mail: indeed the Department has recognized this labor and responsibility, not, it is true, by any payment to the company, but by a periodical gratuity to its officers employed in this service.

I think it will be found, on reference to the local officials, that the mail service of this line during the last ten years has been efficiently performed, with unbroken punctuality and safety: not a single instance, as I am advised, being on record of any irregularity or loss of time to a mail train, or of any delay, loss, or damage, to mail matter conveyed.

Having thus stated the nature of the mail service heretofore performed, I proceed to consider the question of remuneration for the two periods set out in the first and second headings of the enquiry, viz: from the 18th of September, 1858, to the 12th August, 1863, and again from the 12th August, 1863, to the 14th November, 1864.

Although successive portions of this line were open for traffic, and used for the conveyance of mails, between May and December 1854, it was only on the 1st January 1855 that the whole length between Toronto and Collingwood was brought into regular operation; and only then that the mail service assumed systematic and established form. From that date the postal rate charged to the Government, under the authority of the Honorable Malcolm Cameron, then Postmaster General, has been at \$110 per mile per annum. I am not aware that any Order of Council then passed authorizing this rate, but understand it to have been established by agreement between the Minister named and the then Superintendent of this Railway. Access to the records of the Department will probably supply documentary evidence of authority for it, which, in consequence of the destruction of the correspondence and papers of the Company by fire shortly afterwards, I am unable to present.

The payments made on account of the said rate, between 1st January, 1855, and 1st January, 1859, four years, although not accurately representing any given rate upon a mileage basis, and therefore in our view recognizing an open account, were a very close approximation to an average of \$60 per mile per annum.

We have no Executive or Departmental Order establishing that rate, although it was known to the postal authorities that they stood charged with the higher amount in our books.

It is peculiar to note, however, that during the whole period named, we were paid at irregular dates and in irregular amounts, demonstrating, as it seems to me, the absence of any pretence to system, or to established rate. Thus from 1st January, 1855, to July, 1856, the aggregate of these irregular payments represents an average rate of \$7,200 per annum, or say \$75.78 per mile per annum:—for the next eighteen months, viz: from 1st July, 1856, to 1st January, 1858, to \$4,000 per annum, or say \$42.10 per mile per annum:—and during the year 1858, to \$5,200 per annum, or \$54.73 per mile per annum. It is true, as already stated, that an average struck over the whole period will approach closely to \$60 per mile; but the extreme punctuality and admirable order which always marks the Postal administration, forbid the notion that these irregular payments were intended to represent any fixed rate, and especially as we were never advised of any Executive or Departmental Order establishing it, whilst on the other hand, it was known to the authorities that throughout that period they stood charged at the original and higher amount (\$110) in our books.

When therefore, on the 1st January, 1859, the Order of Council of the 18th September, 1858, took effect, establishing the future rate of \$30 per mile of Railway per annum for “the transport of mails by a day train” and “for mails sent by Railway as ordinary baggage or freight in charge of Company Guard, and when not exceeding 2 cwt. in weight, two cents per single train per mile,” the Post Office Department stood charged in the Company’s books with an unpaid balance of \$18,960.00.

These changes of rates, first from \$110 authorized by the Honble. Malcolm Cameron [3] to \$60 per mile per annum by the Hon. Robert Spence his successor; and again from \$60 to \$30 per mile per annum by the Honble. Sidney Smith during his period of office, were made arbitrarily, not only without consulting with the interests especially affected by them, but as far as our knowledge extends, without any other authority (save in the last case) than the Departmental dictum of the successive ministers: indeed the phraseology of the order of the 18th September, 1858, clearly denotes that up to that date, at any rate, no systematized regulation in regard to Postal payments to Railways had obtained; for it declares that “on a Report dated 18th June, 1858,” the Postmaster General submitted that “it was highly expedient that some *definite and authoritative settlement* “should be had of the rate of compensation to be awarded to Railway Lines for “the transport of the mails,” shewing that the services previously performed were either subject to the charges made for them (as at \$110 per mile already noted) by the Railway Companies in agreement with the Department, or to such sums (in this case at the rate of \$60 per mile) as the Department had been willing to pay on account.

“I submit that as previous to the 18th September, 1858, “no definite or “authoritative settlement of the rates to be paid” had been duly made, it was not competent to the Department to give *ex post facto* operation to the order then adopted, and thus to annul the terms upon which this Railway had for four years previously performed the service: and I venture to call the attention of the Commissioners to the provisions of the acts, making the Postal an obligatory service upon railways, as in the absence of due conformity therewith, there would seem to have been no power to disturb or repudiate in September, 1858, the arrangements made with this Company in 1854, by the then Postmaster General, so far as relates to the intervening period: for if the law (Post Office Act, ch. 31, Con-

Stat. 1851) confers power upon the Postmaster General to enter into agreements for the conveyance of mails by Railways, but when the service or terms are obligatory requires (ch. 66, Con. Stat. secs. 109 and 111) that such terms, conditions and regulations shall be established by order of the Governor General in Council, and if the rates as affecting this railway were agreed upon between the Postmaster General and the Company, and were never otherwise "definitely and authoritatively settled" by the Governor in Council until the 18th September, 1858, then it would seem that the original rate would hold until that date, and may not be disturbed by an *ex post facto* application of that order; upon this ground we claim that the rate of \$110 per mile per annum was applicable from 1st January, 1855, to 1st January, 1859; and the Government was then and still is indebted to the Company in the amount of \$18,960 in relation to that period.

With reference to the "extra mails" conveyed during the same period, whilst we contend that the rate of "two cents per single train per mile" is inadequate, I do not propose to disturb a settlement of that account arrived at on the 3rd May, 1864, for the period ending 31st December, 1863.

It serves however to illustrate the helpless position occupied by Railway Companies under the arbitrary powers exercised in regard to payments by the Post Office Department, to note, that although the Order of Council of the 18th September, 1858, specifically directed an allowance for this extra mail service of "two cents per single train mile," yet, by a strange distortion of that authority, we were from October, 1859, to December, 1863, only paid at the rate of two cents *per mile of road for the double journey*: that is to say, at the rate of *one cent* per single "train mile;" thus for a period of four years, in the face of the clear language of the order and our repeated protests, we were required to carry and distribute daily mails in the sole charge of the Company, over 95 miles of railway for 95 cents! and when at length a corrective came to be applied, and the arrears of four years were acknowledged and adjusted, the Department instead of then adopting the Order of Council in its integrity, deducted all passenger fares paid during that period by officers of the Department for journees alleged to have been made in the public service, a deduction utterly unwarranted by the terms of the order professedly conceded.

With reference to the second heading of the enquiry, namely, the adequacy of payment allowed under the Order of the 12th August, 1863, to the 14th November, 1864, I beg to observe that as the order cited is applicable solely to the Grand Trunk Railway, the second period upon which we claim further remuneration will range from the 1st January, 1859, to the 14th November, 1864, the only order applicable to our case during that period being the Order of the 18th September, 1858. As we have never assented to the rate then authorized and since paid, but have always protested against it as insufficient and unjust, we submit that we shall be entitled to receive payment of whatever balance may be found due for that period on the basis of any increased and more equitable rate now to be adjudged.

I proceed now to consider, with reference to the third heading of the enquiry, the rates authorized by the Order of the 18th September, 1858, and what amount should be allowed for the Postal service during the period of three years, commencing on the 14th November, 1864.

Assuming the nature and extent of the Railway Postal Service to be defined, it would not be difficult to compute the cost and charges due to it, adding the reasonable profits to which Railway investments are entitled: but as the service may fluctuate, and as the powers conferred upon the government involve at its option a possible monopoly of "the whole resources of the Company," a

standard for such a computation is [4] scarcely attainable, whilst the complications of such a technical estimate would probably deprive it of value for application to the present purpose. There are other elements to which such a system of estimate would not cover, as for instance an alleged claim for a reduced rate by reason of the "continuity of the service." Upon this point I have simply to observe that the Company has many customers whose regular accounts are ten times as productive to its revenues as the government mail account; whose business is marked with almost the same regularity, and who nevertheless expect to pay and do actually pay the same tariff rates as those whose trade is more fluctuating and uncertain: indeed the law protects the small trader by requiring a common application of Railway tariffs, and it is not to be supposed that the Government in dealing with its own case would suggest an evasion or infraction of provisions especially intended to prevent any discrimination or preferences in the application of Railway rates leviable from the public.

The express service has been referred to by the Post Office Department as affording a standard of comparison in adjusting the mail charges; but I submit the cases are not parallel, or to be dealt with on any common basis. The express service on this railway is a purely local one, reduced chiefly to "parcels express" of goods either of special value, or more usually of a perishable nature. It has been the policy of the company directly in its own interest to aid and promote the express service in order to relieve itself from a class of business for which its staff is inapplicable for distribution beyond the stations of the line; and which, involving the duty of *instant delivery*, is peculiarly open, in the hands of a Railway Company, to claims for damages. Whilst therefore care has been taken to prevent any diversion of ordinary and legitimate "freight" from the company's operations, by affixing a higher rate than is applicable under the regular Freight Tariff, the express rate payable to the company was originally fixed at a standard intended rather to encourage and develop the business than to secure an immediate remuneration equivalent to the nature of the service rendered. Thus, the arrangements conceded on the establishment of the service, which, at its initiation, was a mere experiment, were not such as are due to a service fairly established: accordingly the company nearly a year since notified the express proprietors that on the expiration of the period contracted for, the contract would be annulled. The same rates, however, which have heretofore been charged, if applied to the provisions afforded for the conveyance of mails, would represent a remuneration very much higher than has hitherto been paid to this company by the Post Office Department.

Although it would be easy by reference to the mail rates paid in Great Britain and the United States, as well as to those paid by the United States Government for the transport of closed mails through Canada, to illustrate the inadequacy of the payments hitherto made to this company, such a comparison might be open to the discussion of the local and various conditions under which such services are rendered and which would disturb the analogy. I prefer therefore to yield any force attaching to such comparisons, and to confine myself to the action of the Post Office Department itself, upon such mail routes as are directly connected with and fed by this Railway, and as are respectively serving in the partial and subordinate distribution of the very same mail-matter collected, conveyed and delivered in bulk over this line.

Premising that the rate paid to this company under the order of September, 1858, is \$30 per mile of road per annum, I proceed to institute a comparison of the rates allowed to three of the subordinate routes diverging from this line, for

one mail per day each way, and upon none of which are mail conductors carried :

1. BELL EWART AND ORILLIA, by Lake Simcoe *Steamer*. Round trip 60 miles at \$10 per trip, being equal to 16.66 cts. per mile run, or \$104 33 cts. per mile of route per annum, or \$3,130 a year gross.
2. COLLINGWOOD AND OWEN SOUND, by Georgian Bay *Steamer*. Round trip 90 miles at \$12 50 cts. per trip, being equal to 13.88 cts. per mile run, or \$86 94 cts. per mile of route per annum, or \$3,912 50 cts. a year gross.
3. COLLINGWOOD AND DURHAM, (Bentinck P. O.) by *Pair-horsed stage*. Round trip 90 miles, at \$5 per trip, being equal to 5.55 cts. per mile run, or \$35 15 cts. per mile of route per annum, or \$1,582 a year gross.

To present these deductions in more available form for comparison, I append the following tabulated statement :

Name of Route.	Description of conveyance.	Round Trip.	Per Trip.	Per mile run.	Per mile of road per annum.	Per annum, Gross.
			\$ cts.	cents.	\$ cts.	\$ cts.
Northern Railway.	Railway. . .	190 miles	9 10	4 79	30 00	2850 00
Bell Ewart and Orillia. . . .	Steamer. . .	60 "	10 00	16 66	104 33	3130 00
Collingwood and Owen Sound	do	90 "	12 50	13.88	86 94	3912 50
Do and Durham	Stage.	90 "	5 00	5.55	35 15	1582 00

[5] Showing that the average payment to the Steamers is 325 per cent. and to the Stage 12 per cent. higher than that allowed to this Railway.

To value the comparisons thus made, regard must be had to the sum of the investments necessary to supply the service in each case : to the essential provisions for the Railway alone, of its own roadway and track, the steamers and stages of course enjoying a free highway ; to the speed of the Railway (so directly promotive of increased Postal revenue) being 24 miles an hour, of the steamer 10, and of the stage 6 ; to the exclusive appropriation and special appliances, and to the free carriage of the mail conductors on the Railway only ; and finally to the bulk of mail-matter provided for upon the Railway, as serving not only (as in the case of steamers and stages) its own immediate locality, but as the feeder of, and receiver from, all the mail-matter of the diverging routes and tributary districts.

Nor can it be said that a higher rate is due to those diverging routes by reason of any exceptional sparseness of population or of trade upon their respective lines, for they are, relatively to their capital and cost of working, much more self-sustaining and independent than any Railway mail line. It is therefore very difficult to understand upon what possible principle the higher rate has been conceded to the Steamer and the Stage than to the Railway service, and we are driven to conclude that this result has arisen from the fact that whilst by the law the Railway mail service is obligatory and the payment arbitrarily determined, all other means of transport, although open to the test of competition, are provided by mutual arrangement and voluntary contract, and a remuneration

thus secured more nearly approaching a true standard of the value of the service rendered and received.

Yet all must be unwilling to believe that it was the intention of the Legislature, or is the purpose of the Government, so to enforce this obligatory service upon Railway Companies, as to sacrifice the proprietary interests and foreign capital to the exactions of Departmental ambition, or to exigencies of the Provincial revenue.

I accordingly submit that inasmuch as the value of the inferior methods of mail transport has been assessed by the Department, acting freely in its own interests, and usually, I believe, on a competitive test, it is not competent to the authorities to repudiate their own standard, when and if the Commissioners come to apply it to the much higher cost, efficiency and value of the Railway mail service.

But apart from deductions by comparison, it is desirable to seek for some positive value as attaching to the service rendered.

And first, as in relation to Passenger traffic, whilst the immunity of the Company, as to mails, from those special liabilities and damages which are contingent upon the conveyance of passengers; and whilst the fluctuations between the average provision made, and that actually availed of and paid for by a Passenger traffic, especially as in relation to the fixed appropriations and the continuity of the mail service, may be thought to weaken the force of such a standard, yet as upon this line the traffic is very regular throughout the year, and very even throughout the whole mileage, such objections have less than usual bearing.

Assuming therefore that the car appropriation for mails is equivalent to the displacement of $14\frac{1}{2}$ passengers and their baggage, as seems to have been admitted by the late Postmaster General, and making the liberal concession of one half of the number to set off the fluctuations in the number of ordinary passengers, and therein of unutilized space, of dead weight hauled, and of continuity of service, and we have for the regular mail a rate of \$136 13 per mile of road per annum, and as upon this line we have no system of "Season" or "Return" tickets, and run no second class cars, any further reduction on such grounds would be untenable.

In his report of the 12th August, 1863, the Postmaster General (the Honorable O. Mowat), in dealing with this branch of the subject, states that he is "disposed to assume that separate allowances for night and day trains respectively need no longer be attempted, so far as relates to the Grand Trunk;" and he thereupon proceeds to name a sum for "each daily service," upon a common basis. Whilst not intending to imply that we concur in this system, yet as the night service of the Grand Trunk is thus rejected as an element justifying any increased allowance, the absence of such a service upon this railway may not affect the rate arrived at by the Postmaster General as applicable to this line, viz: " $9\frac{1}{4}$ cents per mile run by passenger trains," which on the annual mileage of our daily service would yield, as an officially admitted rate, \$58 per mile of road per annum, or very nearly double the rate heretofore paid to this company.

That this admission is still greatly below the true value as based on a passenger standard, is apparent in view of the simple fact that the present rate (thus only doubled) exclusive of the mail conductor regarded as a passenger, is equivalent only to the fare charged by the Company's Tariff for "one child under 12 years of age;" in other words, that Her Majesty's mails are conveyed over this railway at the equivalent of half the fare of one passenger!

I proceed now to discuss the application of freight rates as a standard upon which to compute a postal payment.

It will I assume be readily conceded that mail-matter is the most important, valuable and sacred of all possible classes of "freight," specie not excepted; indeed this has been so obvious and so universally admitted, that it has not been usual to class [6] mails in that category at all, or to pay for them on that standard, especially when speed and exclusive provisions are elements in the service.

Yet regarding mail matter as "freight" we must then determine its "class," and thereupon fix the tariff rate fairly and reasonably due for its carriage. Nor, having determined the class, does it seem open to the Government to dispute the propriety of the rate, seeing that as a protection to the public against undue exaction, the tariff has been established under the sanction of an order of the Governor General in Council: and the Government having thus approved the rates to be levied upon the public can scarcely with justice or consistency repudiate those rates when they come to be levied on itself.

In regard to constancy or "continuity of service" too, I have already observed that no reduction to the Government would be equitable, inasmuch as that the tariff so sanctioned is not, and never has been, and may not legally be, reduced in favor of private customers (of whom we have many) whose freight moves with continuous regularity, and whose accounts reach a much higher annual aggregate than the mail service can yield even on the most liberal terms of payment.

Assuming then that mail matter is, *per se*, higher than the highest class of ordinary goods or merchandize transported by freight trains, there are further additions to be made for special circumstances attached to the mail service, viz:

1st. To conveyance by passenger instead of by freight trains, and therein to additional speed in the proportion of 24 to 12 miles per hour, and consequent thereon to additional cost of motive power, and wear and tear to rolling stock and roadway.

2nd. To the special construction of the Postal cars, which much increases their cost, removes them from the class of available freight stock, and renders them useless for ordinary revenue purposes: to the necessary maintenance of a reserve of such special and unavailable stock, as provision against casualties, and for current repair without suspension of the service: to the exclusive appropriation of car space, thus withheld from the Company for ordinary use and displacing revenue earning freight; and to the special heating, lighting, furnishing and cleaning of the Post Office compartments, all extra to the services involved in ordinary freight traffic.

3rd. To the carriage of a mail conductor whose fares upon this line would amount to \$1,784 per annum, or to very nearly two thirds of the whole amount paid to the Company, and to the liability if continued to damages for accident or injury to his person.

4th. To the implied liability of the Company to issue free annual passes to the Postmaster General and his staff.

In view of all these contingent burthens it can scarcely be denied that the conveyance of mails under such conditions is at least equal to "Double 1st Class Freight;" else it must be shewn that mails so carried should be charged less than such goods as wrought marble, mattresses, musical instruments, empty trunks, baskets and the like, when carried by freight trains at half the speed.

Reverting again to the fact that in each passenger train conveying mails, one third of a car, or a carrying capacity of $3\frac{1}{3}$ tons is exclusively appropriated

to the Postal service, and assuming double first class rates as above, being 60 cents per 100 lbs., or $12\frac{8}{10}$ cents, per ton per mile, then we have the following computation and result :

$3\frac{1}{2}$ tons @ 60 cts. per 100 lbs. = \$40, and $\$40 \times 2 \times 313 \div 95 = \263.58 per mile per annum.

But it is possible that the injustice heretofore done by the arbitrary valuation of the service at \$30 per mile per annum, may prejudice the consideration of this basis of computation, and lead to its rejection simply on its result.

Of course the comparison of mail with freight may be pursued on the descending scale *ad absurdum*, until reaching the old standard of \$30 a mile, far less would be (as it hitherto has been) allowed for Her Majesty's mails by express passenger train than for the lowest class of pine lumber by freight trains.

Yet in order fully to illustrate the comparison, and in order to see clearly below what classes of ordinary goods and merchandize the Postal service and payments have hitherto been depreciated, I will follow the computations through all the classes of our tariff.

Thus, 1st class freight (as blankets in bales, boots and shoes, drugs, dry goods, furniture, hollow ware, machinery, saddlery, farming tools, and the like) is charged by tariff at 30 cents per 100 lbs. or $6\frac{4}{10}$ cents per ton per mile : and we have $3\frac{1}{2}$ tons @ 30 cts. per 100 = \$20 and $20 \times 2 \times 313 \div 95 = \131.76 per mile per annum.

Again, 2nd class freight (as ale and porter, butter, candles, carts and waggons, stoneware, hardware, and the like), is charged by tariff at 25 cents, per 100 lbs., or $5\frac{2}{10}$ per ton per mile, and we have $3\frac{1}{2}$ tons @ 25 cents per 100 = \$16.67, and $16.67 \times 2 \times 313 \div 95 = \109.84 , per mile per annum.

Again, 3rd class freight (as hides, iron ore and castings, undressed leather, millstones, salt, tallow, whiskey, and the like) is charged by tariff at 20 cents per 100 lbs., or $4\frac{2}{10}$ cents per ton per mile, and we have $3\frac{1}{2}$ tons @ 20 cents per 100 = \$13.33, and $13.33 \times 2 \times 313 \div 95 = 87.83$ per mile per annum.

(7) These deductions may be tabulated thus :

Service.	Rate per Ton per mile.	Rate per Train Mile.	Rate per annum per mile of road.
	\$ cts.	cents.	\$ cts.
Mails by Passenger Trains.....	1 43	4.79	30 00
Freight by Freight Trains, Double 1st Class..	12 80	42.66	263 58
“ 1st “ ..	6 40	21.33	131 76
“ 2nd “ ..	5 30	17.66	109 84
“ 3rd “ ..	4 20	14.00	87 83

It thus appears that the rate (\$30 per mile) paid under the order of the 18th September, 1858, is but a fraction over one-third of the tariff charged for third class freight.

In summing up the comparisons and computations already presented, I submit the following results :

1st. That the remuneration to mail steamers running in connection with this railway as heretofore paid by the Post Office Department, represents a rate of

\$104.33 per mile per annum on Lake Simcoe and of \$87.83 on the Georgian Bay.

2nd. That applying the express rates levied by this Company to freight space appropriated to the mail service, the rate would be \$131.29 per mile per annum, exclusive of all charge for mail or express agents.

3rd. That on a standard of half passenger rates to the minimum of passenger accommodation excluded by the appropriation to the mail service, the rate would be \$136.13 per mile per annum, exclusive of all charge for the mail agent.

4th. That on a standard of freight rates by the Company's tariff, as applied to the freight displaced by the mail service, if performed by ordinary freight trains, the rate would range from the highest class at \$263.58 to the lowest class at \$87.83 per mile per annum; or, an average over all classes of \$148.13 per mile per annum.

5th. And finally, that striking an average over all the foregoing bases for estimate, whether "Express," "Passenger," or "Freight," and including the mail steamer which combines elements of all the others, the rate would be \$135.18 per mile per annum, exclusive of all charge for mail agent.

For the "extra mail" each way per day, if and whenever that service may be required, such remuneration, additional to the present rate, should be paid as shall be consistent with the mileage rate to be struck for the regular mail, due regard being had on the one hand to the non-carriage of a mail conductor, and on the other to the increased labor and responsibility attaching to the Company in the receiving and distribution of the mails by its own officers.

In conclusion, I may be permitted to observe, that no instance could be cited in which a proprietary has stronger claims to liberal consideration than the Northern Railway Company as now organized. For eight years the bondholders of this Company received no interest on their investments of upwards of a quarter of a million sterling, whilst throughout that period the construction and operation of the Railway contributed directly and immensely to the development and resources of the whole district served by it; and when at length the line fell into almost hopeless dilapidation and embarrassment, and its operations were suspended, the same bondholders renewed their investment by contributing (to the amount of another quarter of a million sterling) sufficient new capital for the liquidation of its debts, the reconstruction of its works, and the restoration of the road to public uses.

The Line is now approaching a remunerative standard, it is fulfilling all its functions as a public work, it is contributing directly and with regularity to the Provincial Exchequer, and its proprietors confidently trust that their right to be fairly and reasonably paid for postal services rendered directly to the Government, will now be equitably considered and impartially adjudged.

I have the honor to be,

Sir,

Your most obedient servant,

FRED. CUMBERLAND,
Managing Director.

BROCKVILLE AND OTTAWA RAILWAY COMPANY'S
CLAIM FOR POSTAL SERVICE.

Brockville and Ottawa Railway Company's Office,
Brockville, 6th February, 1865.

Hon. WM. HUME BLAKE,
Chairman Railway Postal Service Commission,
Quebec.

Sir,

I have the honor to acknowledge your favor of 1st instant.

The statement of this Company's claim for an increased allowance was, by request, made in a letter addressed on 30th August last to the Honorable O. Mowat.

Having seen no reason to modify or alter this statement, I beg to forward to your Commission a copy thereof, No. 1.

The late Superintendent of this Railway, in reply to enquiries from the Post Office Department in October, 1863, returned a full report of our Postal Service, together with a statement of the claim then made by this Company for additional allowance.

As I have been subsequently informed that the principle on which the latter statement is made, is taken from the English system, and will be more likely on account of such precedent to receive your consideration, I herewith submit copy of said statement, marked No. 2.

The favorable action of your Commission upon the basis of either statement will be appreciated.

I have the honor to be,

Sir,

Your most obedient servant,

JOHN G. RICHARDSON.

P. S.—The B. & O. Railway is now opened to Arnprior, making a running line of 80 miles, instead of 64 as formerly.

DOCUMENT No. 1.

Brockville, 30th August, 1864.

Hon. O. MOWAT,
Postmaster General,
Quebec.

Sir,

Our Secretary has handed to me your letter of 16th instant, and I beg to thank you for the courtesy therein evinced.

Having assumed control of this Railroad, under the Act 15th October last, relating thereto, and subsequent to the correspondence between your Department and the late Company, I was unacquainted with its precise nature, and the necessity of documentary reference has caused a delay in my reply which I beg you will overlook.

I have read carefully the report of the late Superintendent of this road, forwarded to you in November last.

The gist of this report appears to be that interest on the capital expended is made the basis for a proportionate charge against Government, though the connection between the two is not very apparent.

By a similar mode of calculation, Government is charged a similar proportion of expenses.

Working this down to its natural result, it would appear that in order to make Government chargeable with the total of our interest on capital, and the aggregate of our running expenses, we have simply to confine our business and our car-haulage to what alone is required for the Government services.

I therefore gladly take advantage of your permission to re-open the subject, and in substitution for the foregoing, I respectfully submit another proposition which, if apparently less advantageous to this Company, I venture to think more intrinsically just to all concerned.

I assume that the Government does not desire or expect a Railway Company to perform postal or other services at unremunerative rates.

I submit that the subsidy paid to this Railroad Company for postal service, far from being remunerative, is likewise far from being even an equivalent for such service.

Therefore I respectfully propose the following as a reasonable and moderate remuneration for the carriage of the mails, and other services connected therewith on this railroad :

For one mail each way daily.. \$ 84 00 per mile per annum.
For two mails do do .. 126 00 do do.

The grounds upon which I estimate these rates are as follows, it being stated and understood that the mail accommodation consists of one third of a baggage (equivalent to a second class) car, expressly fitted up with light and fire for the exclusive use of the mail conductor :

FIRST. Twenty second class passengers (a car will contain say 60) at 2 cents per mile, or ten tons of merchandize, at 4 cents per ton per mile, would be but a moderately paying business for a car when hauled at a rate of *not less than fifteen miles an hour, including stoppages.*

[2] SECOND. The Mail Office and Conductor occupying at least one-third of such car, payment therefor should be in proportion, or say $13\frac{1}{2}$ cents per mile run, which being multiplied by 2 for the up and down trips, gives 27 cents per mile of road per day, and as there are 313 working days in the year, we have

$27 \times 313 = \$84\ 50$ per mile per annum for the single train.

And if we add for constancy of service only one half more for the double service, or..... 42 25

We have.....\$126 75 for the two trains.

FOURTH. The service at the Perth Branch, though not requiring so much room on the train, demands a locked compartment for the mails, and as our employees on said branch have to personally attend to the reception and delivery of the mail bags at Smith's Falls, Pike Falls, and Perth, often at *considerable in-*

convenience and neglect of their other duties, I consider that the remuneration therefor should be at least equal to that of the main line.

Submitting the foregoing to your most favorable consideration,

I have the honor to be,

Sir,

Your most obedient servant,

JOHN G. RICHARDSON,
Managing Director B. & O. R. R.

DOCUMENT No. 2.

TO THE HONORABLE GEORGE SHERWOOD,

President of the B. & O. Railway Company.

SIR,—A letter from the Post Office Department addressed to your Company and bearing date 17th October last, asking for answers to various questions therein contained, as follows, viz :

1st. What this Company claims as a reasonable allowance for Postal Service, and the reasons on which such claim is based ;

2nd. What this Company usually charges for Passengers—1st, 2nd, and 3rd class ;

3rd. What allowance is made in the case of Season Tickets and Return Tickets—also the practice of other railways in this respect ;

4th. The charges on Freight, by various trains ;

5th. The difference made, and which other railways in Canada and elsewhere ordinarily make for constancy of service in carrying freight.

6th. Copies of agreement with Express Companies ;—having been referred to me with instructions to report thereon, I beg leave to report as follows :

In answer to the first question.

First. That in the construction of the Railway, Buildings, Rolling-stock, &c., a certain amount of capital has been expended in order to put the line in a condition to be of service to the public—and that the company are entitled to a reasonable rate of interest thereon.

A portion of which is chargeable to the Post Office Department, as follows, viz :—As the total use made of the Railway is to the total interest on the capital represented, so is the use of the Railway by the Post Office Department to its proportion of the interest.

Secondly. That in the maintenance of the Railway, Rolling Stock, &c., and in the operating of the line, a certain amount of expense is annually incurred, a portion of which is also chargeable to the Post Office Department, as follows, viz :—As the total use made of the Railway is to the total expense of maintaining and operating the same, so is the use of the Railway by the Post Office Department to its proportion of such expense.

The Postal Service on this Railway is at present performed as follows :

On the Main Line from Brockville to Almonte (a distance of 52 miles) there is but one Train (mixed) each way daily, of which the Post Office Department occupies (for the mails and mail conductor) one-third of the baggage car (a separate compartment conveniently fitted up, heated and lighted at the expense of the Company.)

On the Perth branch, from Smith's Falls, to Perth (a distance of 12 miles) there are two trains (mixed) each way daily, on all of which the mail service is

performed by the servants of the Company taking charge of the mail bags to and from Perth, Smith's Falls, and Port Elmsley—receiving them from and delivering them to the Post Office couriers at those places, and I have estimated this double service as being equal to one service each way daily on the Main Line, as above.

Taking the above as a basis upon which to determine the amount that the Company may reasonably claim for postal services, I proceed as follows, viz :

First. The question of interest on capital invested.

It will be found that the total capital expended in the construction of the Railway, Rolling Stock, &c., from Brockville to Almonte and Perth up to the 31st December, 1862,

Amounted to.....\$1,961,638 00
On which the interest at 6 per cent is..... 117,698 28

Thus from the returns for the year ending 31st December, 1862, I find that the car mileage of the regular trains carrying the

mails on the main line amounted to..... 191,829 miles

And the train mileage for the same..... 32,552 "

The car mileage on the Perth Branch amounted to..... 57,744 "

And the train mileage to..... 15,024 "

Making the average number of cars per train on Main Line..... $5\frac{39}{100}$

And on the Perth Branch..... $3\frac{34}{100}$

[3,] Now, as I have shown above that the the Post Office Department occupies $\frac{1}{3}$ of one car on the main line and $\frac{1}{6}$ th of one car on the Perth Branch, it follows that that Department occupies $\frac{3}{5}$ 3rds of the trains on the Main Line, and $\frac{1}{2}$ 3rd of the trains on the Perth Branch, the length of the Main Line being 52 miles, the Perth Branch 12. Total 64. I ascertain the proportion of the interest chargeable to the Post Office Department, as follows :

Main Line, $\frac{3}{5}$ of $\frac{5}{6}$ of \$117,698 $\frac{2}{100}$\$5,415 95
Perth Branch, $\frac{1}{2}$ of $\frac{1}{6}$ of \$117,698 $\frac{2}{100}$ 959 50

Total for interest on capital expended.....\$6,375 45

Secondly. The question of the annual expense of maintaining and operating the Railway.

By reference to the accounts for the year ending 31st December, 1862, it appears that the amount for these services during that year was \$38,340.71. And from the above formula I make the proportion chargeable to the Post Office Department, as follows :

Main Line, $\frac{3}{5}$ of $\frac{5}{6}$ of \$38,340.71\$1,763 31
Perth Branch, $\frac{1}{2}$ of $\frac{1}{6}$ of \$38,340.71 312 56

Total for annual expenses.....\$2,075 87

From the above I make the amount which I consider the Railway Company may reasonably claim from the Post Office Department for the services now performed eight thousand four hundred and fifty-one dollars and 32 cents per annum, as follows, viz :

Proportion of interest on capital expended in the construction and equipment of the Railway..... \$6,375 45
Carrying the mails and Post Office conductor between Brockville and Almonte, once each way, daily..... 1,763 31
Carrying the mails between Perth and Smith's Falls, twice each way, daily..... 412 56

Total..... \$8,451 32

The above would give a rate per mile per annum on Main Line.....	138 06
Do do do do do on Perth Branch..	106 00
Or, per train mile on Main Line.....	22 05
Do do on Perth Branch.....	8 46

I now proceed to answer the remaining questions---thus---to

Question No. 2.---By which the Department wishes to be informed what this Company usually charge for passengers 1st, 2nd and 3rd class.

Answer---1st class, 3 cents ; 2nd class, (emigrants) 2 cents per mile ; 3rd class, none.

Question No. 3.---What allowance is made in the case of Season Tickets and Return Tickets, Also the practice of other Railways in this respect.

Answer---No Season or Return Tickets. Cannot tell the practice of other Railways in this respect.

Question No. 4.---What are the charges on freight, by freight, mixed and passenger trains.

Answer---Mixed trains are the only trains run upon this line, and for the rates of freight, I beg to enclose herewith a copy of the freight tariff.

Question No. 5.---What is the difference made by this Company, and other Railways in Canada and elsewhere for constancy of service in carrying freight.

Answer---No difference made on this Line. Do not know the practice of other railways.

Answer to Question No. 6.---We have no contract with the Express Company. Nor is that Company provided with any separate compartment on the cars.

All of which is respectfully submitted.

I have the honor to be, Sir,

Your obedient servant,

A. BROOKS,
Eng. and Supt.

Superintendent's Office,
Brockville, 21st November, 1863.

PORT HOPE AND LINDSAY RAILWAY, AND PETERBORO' AND PORT HOPE RAILWAY.

POSTAL SERVICE.

To the Honorable
WM. HUME BLAKE,
Chairman,
Railway Postal Service Commission,
Quebec.

Quebec, 20th March, 1865.

SIR,

Referring to your letters addressed to the authorities of the above-named Railways, inviting them to submit any claims they may have to make in relation to the Postal Services rendered upon those lines, in order to their consideration by the Commissioners, I have the honor to state that I have been instructed to present such statements and information as may seem to be essential to their interests or may be called for by the Commissioners.

I may premise that both of these lines (although representing distinct and separate interests in fact) are comprised under the corporate powers of the Port Hope, Lindsay and Beaverton Railway Company. They may be described as a main line, namely, the Port Hope and Lindsay Railway, 43 miles in length ; and a Branch Line, namely, the Peterboro' and Port Hope Railway, 31 miles in length, constructed and worked under a lease from the parent company, and having running powers over 18 miles of the main line.

These lines are worked in separate interests, and their revenues carried to distinct and different accounts ; thus, whilst the traffic and revenues of the main line throughout its length to Lindsay, belong to and are worked by the Company, the traffic and revenues of the Branch from Milbrooke to Peterboro', (including also through running powers and tariff charges for the Peterboro' trade, over the main line from Port Hope to Milbrooke,) belong, by payment of a rental, solely to the lessees.

Thus, the mail service herein to be discussed, pertains to two separate routes, separately worked in different interests, viz : the mail route between Port Hope and Lindsay, 43 miles, and the mail route between Port Hope and Peterboro', 31 miles.

Although the successive executives, both of the Company and of the lessees, have always recognized the inadequacy of the payments made by the Government for Postal services upon their respective lines, yet partly by reason of frequent changes in the proprietary control, and partly because it was thought (in view of the insufficiency of more powerful protests,) that any action by so weakly a corporation, and representing an interest comparatively so transient and subordinate, would be inoperative, no official measures towards a corrective have been taken ; and the managers of the Company, of the lessees, of the bondholders, and, finally, of the present proprietors, have passively yielded, during their respective tenures of office, to an injustice which they felt powerless to resist, but which they believed would eventually be submitted to the consideration of a disinterested and authoritative tribunal.

Thus, the past payments have been accepted, and there is no special claim in relation to past service ; yet the present proprietors submit, that if the Commissioners shall in other and similar cases, recognize the justice of correcting past inadequacy of payment by compensation, these lines are entitled to a like adjustment ; and it will become my duty to afford such details of the services heretofore performed, as may be necessary to enable the Commissioners to determine the extent to which such compensation may be recommended.

The regular mails conveyed upon each line, are one each way per day, carried in special compartments of Post Office cars by mixed trains, and in charge of the train conductor. The Post Office compartments in each mail train, comprise nearly one third of a car ; they are devoted solely to mail uses, and are kept constantly locked. The description of them, their cost, the train space they represent, and the other circumstances incident to and resulting from their exclusive appropriation, being identical in all particulars with those of similar stock and service on the Northern Railway, I need not further refer to them than to observe the only exception in this service, viz : that the mails are not sorted *en route*, and accordingly that a mail agent is not carried.

I shall avail myself of the courteous permission you have accorded to me, and avoiding a repetition of the general arguments presented to your notice, in the case of the Northern Railway, shall rely upon the views I therein expressed, as equally applicable to these lines.

Enclosed, I have the honor to transmit the Passenger and Freight Tariffs,

which have been in continuous operation since the lines were opened for traffic, observing that as these lines rely solely upon a local and non-competitive business, no departures from the tariffs obtain.

No annual reports of the operations of these lines having been published, I am unable to comply with your requisitions in that particular; indeed as the main line has been worked by trustees, and the Peterboro' by lessees, as private proprietors, no annual reports have been necessary.

An examination of the tariffs now presented will shew the rates over the respective mileages on passengers and freight, and as those tariffs are respectively higher than those of the Northern Railway already submitted to you, they serve to justify the computations and results which I laid before you in that case, as a basis upon which, as I humbly think, a mileage rate ought to be struck in payment to Railways for Postal Service.

I shall not therefore burthen this statement by any special application of the tariffs of these lines, but content myself by observing that as their traffic is exclusively local and non-competitive, and yields higher average rates than obtain on the Northern, there would seem to be no reason why any rate arrived at for that Railway should not be equally applicable to these; it may however be well for me to reiterate that in the Northern case the standard of half passenger rates applied to the numerical value of the mail space appropriated, as estimated by the late Postmaster General, would amount to \$136 13 per mile per annum:---that on a standard of average tariff rates over all classes of freight similarly applied the mail rate would amount to \$148 13 per mile per annum; and this exclusive altogether of any allowance for the value of the additional speed due to the class of trains by which the mails are carried.

Since however I last had the honor of addressing you, doubts have been suggested as to the applicability of the standards which I have submitted to your consideration; whilst others have been proposed, especially by Mr. Brunel, which are in my judgment of so unsatisfactory a character and so unjust in their results, as to call for comment.

Such frequent reference has been made by the Post Office Department to the "weights" of the mails carried, and it has been so often attempted to be shewn that the mail payments in the United States bear a relation to the weight of mail matter carried, that it may be convenient to consider the terms of the United States Post Office Act, (See Dunlop's Statutes, Chap. 43, Sec. 19, page 1071,) for it will there be found that the Postmaster General is authorized to divide the Railway mail rates into three classes, to be paid respectively at the rates of \$300, \$200 and \$100 per mile per annum---and that in making this classification he is directed to consider "the *size* of the mails, the *speed* with which they are conveyed, and the *importance* of the service," and so careful has been the Legislature of the United States to secure due protection on the one hand to the Government and on the other to Railway Proprietaries, that it is further enacted that failing *an agreement* between the Department and the Railway, the Postmaster General shall have power to make other arrangements for the service.

Now the pith of this enactment as regards the value of the Railway mail service is in the bases given for its valuation, viz: *size*, *speed* and *importance*.

The expression "size" is clearly intended to indicate *bulk* or *dimension* as in contradistinction to *weight*, and this being granted it immediately follows that the size or bulk must be determined, not by the cubical content of the mail matter *per se*, but by the content, area or space demanded and exclusively appropriated to its reception and conveyance.

It has been contended that the actual weight of the mail matter carried by the Northern Railway upon four mails per diem averages 500lbs. or say 122lbs. by each train, or about 164th part of a load of one box car. Yet the space required for and exclusively appropriated to this service, if such be the true "weight," is one third of a car, or equivalent to a carrying capacity of three and a third tons; and as though to prove that even this capacity is insufficient to the service, a demand has recently been made upon the Company for its extension by the addition of one fourth to the area now appropriated. If then "size" be, as is urged by the Deputy Postmaster General, a postal technicality expressive of "weight," and if the payment be made by weight only, then the Companies should be permitted to appropriate to the mails such space as would suffice to the actual bulk and weight, and special provision of extended and exclusive space be abandoned. The Government has no more right to that for which it does not pay than has any ordinary customer, nor has it any just claim or right to pay less for service rendered than under its own laws and sanction is leviable for similar service by tariffs applicable to all commercial uses of Railways.

It is scarcely necessary to discuss the bearing of the terms "speed" and "importance" as in relation to the mail service. No reliable authority places the cost of doubled speed at less than 50 per cent. advance---some rate it as high as the square of the increased velocity. If then the tariffs of the Companies assume a speed of 12 miles an hour, and the mails (regarded as freight) are carried by passenger trains at a speed of 24 miles per hour, then the rate, applied to the space occupied, should be proportionately higher than the tariff exacts from ordinary customers.

As to the "importance of the service" the Department will scarcely venture to exercise its depreciatory tendencies, for it has always jealously elevated the performance of this service as above, and superior to, all other functions of the Railway, and has regarded the convenience of the traveling public, the direct interests of the trade of the lines, and the claims of Railway Proprietors, as altogether subordinate to the rapid, continuous and punctual performance of the postal duty.

Referring to the formulæ by which Mr. Brunel proposes that the said rate should be determined, it is to be observed that his first proposition is based on the assumption (purely hypothetical and visionary as in relation to this Province) that the Railways shall possess and work a traffic fully up to their carrying capacity, and thus fully up to a paying result. To attain this he assumes an imaginary mileage of trains, and affixing to this mileage certain average earnings per train mile he applies these earnings to the average weights of the trains hauled, and as those earnings are to the dead weights hauled, so (as he assumes) should be the mail payment to the dead weight of the train space appropriated to the service.

Upon this it may be sufficient to observe that unfortunately the mileage and the earnings, which are at the base of his computations, are purely supposititious, indeed such mileage and such earnings in the aggregate, are beyond present hope in Canada; whilst the system proposes such another abandonment of all tariffs by the depreciation of the value of the service rendered to the standard of actual average earnings, as to indicate that upon the actual trade to be done, ordinary profit would be impossible; for if in the aggregate, the *amount* of the trade be insufficient at tariff rates to yield due profits, then to take as a basis for payment, the actual earnings as in relation to the existing trade, would be to shut out all hope of remuneration for Railway investments.

But the second system proposed by Mr. Brunel is less encumbered by speculation, for taking from the returns of the respective Railways an average of their actual (and in every case their *insufficient*) mileage and earnings, this average is similarly apportioned to the dead weights of the trains hauled, and the mail compartment of the Post Office car being charged with its proportion of that dead weight, a mileage mail rate is obtained.

But this system is not more ingenious than it is unjust, for although being based on actual rather than imaginary figures, it has more shew of reason, it is not the less inequitable, for in repudiating the tariffs it assumes that a Railway should be paid, not in relation to the value of each item of the work performed, but in relation to the average rates which the aggregate of that work may attach to each item of it; and it thus incorporates this undeniable and irresistible fallacy, that no matter how high the value of the particular service rendered to the customer, (the Government,) the customer shall only pay such amount as may be found to be chargeable against him in the proportion of that service to the whole earnings (be they great or small, profitable or ruinous,) of the train by which it is provided. Thus high earnings would yield high rates, and low earnings low rates, notwithstanding that the service rendered may be constant and identical in all cases. To carry this system to the absurd finality of which it is capable, if we assume a case in which an appointed mail train may have no other earnings than those to be represented by the mails, the mail payment being predicated on its actual earnings, the mails would be conveyed for nothing!

One of the salient principles upon which these computations proceed, is, that the Government shall pay, not by the tariffs imposed under its sanction upon each of the customers of a Railway whether as a passenger or as the owner of freight carried, but, by an abandonment of the tariffs, and the application of their average production, thus reduce the Government rate to its proportion of the actual earnings of trains in relation to the amount of service it receives.

It would be curious to ascertain at what rates, were this system generally applied, each customer would pay for the service he receives; for beyond that each would advantage by an insufficient aggregate, in the consequent reduction of the charges against himself, the rate would so fluctuate that it would become his interest to use the trains which yielded little or no other revenue to the line than that which he contributed. The truth seems to be (and any other supposition would be fatal to railway investments in this Province,) that the theory of tariffs and their practical application, alike contemplate that each customer shall pay the cost of the particular service he receives, together with the reasonable profit due to the performance of it. Thus, tariffs are based on special classifications, applicable, as far as possible, to all the variety of services rendered, and averages are rejected. It would seem accordingly a very bold and inequitable proposal that a Government service should be otherwise regarded, and made contributory to the railway, not in relation to the particular work done for it, but upon an average computed on the earnings contributed by others, who, on totally dissimilar items of traffic, worked in a different manner and at other speeds and times, pay by classification and tariff, but the aggregate of which earnings in Canada, may be utterly inadequate to the payment of even the working expenses of the trains by which the mails may be carried.

Finally, it is at least peculiar that admitting, as Mr. Brunel seems to do, that in relation to local traffic, (to which the mails undeniably belong,) freight business yields higher earnings at a lower cost of working than passenger—is, in fact, more profitable—yet he rejects the higher averages of freight and takes the lower standard of passenger traffic when he comes to determine the mail rate,

notwithstanding that he also admits, as is equally undeniable, that mail matter cannot otherwise be classified than as freight.

Notwithstanding therefore that these proposals, based on full and profitable English precedents, are sufficiently specious and ingenious to attract attention, I see nothing in them to weaken the system upon which I have already submitted the claims of these lines, which is founded on the principle that the Government should be regarded and should be prepared to pay as any other customer seeking similar services, and that it has no other or higher rights to avail of railway transport than those which pertain to and regulate the whole railway commerce of the country.

I have the honor to be,

Sir,

Your most obedient servant,

FRED. CUMBERLAND.

MONTREAL & CHAMPLAIN, BUFFALO & LAKE HURON, AND
OTTAWA & PRESCOTT RAILWAYS.

Grand Trunk Railway of Canada,
Managing Director's Office,
Quebec, 8th March, 1865.

Sir,

In compliance with your request that I should state the claim on behalf of the Montreal and Champlain, Buffalo and Lake Huron, and Ottawa and Prescott Railway Companies, I now beg to say that the claim of the Buffalo and Lake Huron and Ottawa and Prescott Companies is the same as that of the Grand Trunk Company, with the exception that I do not ask for a larger remuneration than is paid for similar services in the United States, on lines similarly situated, on the grounds asked for in the Grand Trunk case for extra severity of climate, or arranging of trains to suit the Post Office Department, without reference to the requirements of the Company, or any special payment on account of the cost of the Victoria Bridge. With these exceptions, and of course disregarding the first part of the Grand Trunk Company's case with reference to the proceedings between that Company and the Government, the statement I made before you on behalf of the Grand Trunk Company, will cover the grounds of the claim of the Buffalo and Lake Huron and Ottawa and Prescott Companies.

In regard to the Montreal and Champlain Company, I have in addition to the grounds which exist on the Buffalo and Lake Huron and Ottawa and Prescott, to claim extra payment on account of the Victoria Bridge, the mails for the Montreal and Champlain line being now carried over that bridge. I have here to call your attention to the fact that during winter before the amalgamation of the Montreal and Champlain line with the Grand Trunk, the mails were carried in sleighs at the expense of the Post Office Department, between Montreal and St. Lambert, on the south shore of the St. Lawrence. The use of the Victoria Bridge for the trains of the Champlain Company, has therefore not only considerably increased the facilities of forwarding mail matter to and from Montreal by that line, but has also produced a saving to the Post Office Department during winter, in cost of conveyance between the Post Office at Montreal and St. Lambert.

I have also to call your attention to the fact, that up to the end of 1864, there has been no distributing car run upon the Montreal and Champlain line ;

the Post Office bags being simply carried in the baggage car, without any appliances for sorting letters on the way.

No trains have been run by the Montreal and Champlain Company specially for the Post Office, the Department having been content to use those trains which the Company were running for their own passenger traffic purposes.

The payments made to the Montreal and Champlain Company for the line between Montreal and Rouse's Point, have been for a considerable length of time at the rate of about \$114 per mile of railway per annum, the Post Office Department using only such trains as the Company ran for their own traffic, and not having upon the line any distributing car, the mails being carried in the ordinary baggage car of the Company.

I have the honor to be,

Sir,

Your obedient servant,

C. J. BRYDGES,

Managing Director.

Hon. WM. HUME BLAKE,
Chairman,

Railway Postal Service Commission.

STANSTEAD, SHEFFORD AND CHAMBLY RAILWAY.

Council Chamber,

Quebec, 6th February, 1865.

Sir,

I have the honor to acknowledge the receipt of your letter of the 24th ultimo, addressed to Waterloo, C. E., requesting me to furnish the Commissioners on the Railway Postal Service with a written statement of the claim of this Company for carriage of the mail.

This Company has carried the mail over their line of Railway from 1858 up to the present time, and during that period have kept and used separate Railway cars exclusively for the postal service, furnished with fire, lights, &c. &c.

For these services which, I understand, are identical with those rendered by the Grand Trunk Railway, this Company claims remuneration at the rate of \$150 per mile during the whole of the period referred to. On account of this claim, payments at the rate of \$30 per mile have been received but have always been protested against as insufficient.

I may add that the rate now claimed is the same which has been paid by the United States Government during the same period to the neighbouring Railway Companies for similar services.

I have the honor to be,

Sir,

Your obedient servant,

A. B. FOSTER,

Lessee, Stanstead, Shefford and Chambly
Railway Company.

The Honorable

WM. HUME BLAKE, Chairman,

R. R. Postal Service Commission.

P. S.—Your communication of the 24th ultimo, was sent to Waterloo, C. W., and remailed to Waterloo, C. E.

A. B. F.

LONDON AND PORT STANLEY RAILWAY COMPANY.

Office of the London and Port Stanley Railway Company.

London, C. W., 7th March, 1865.

Sir,

I have the honor to acknowledge the receipt of your favour of the 2nd and 3rd instant,---*to hand this A. M.*,---In reply I beg to state—This Company has no “statement of claims to submit.”—They leaving the matter in the hands of the Commissioners. I might remark that since the commencement of our contract, we have only missed *one* train. The service has been performed with satisfaction to the Department, our employés take charge of the mails, they are placed in a compartment provided for them and locked up, consequently the bulk or weight of the mail is no criterion in judging of the service performed, as the same attendance and convenience is required should the bags contain little or no mail matter.

Relative to “whether this Company run mixed trains only or passenger trains also,” I would remark that strictly speaking our trains partake more of the character of passenger trains than mixed, our A. M. train is passenger, but our P. M. train is mixed ; our freight business being light, not averaging above 3 cars per train, does not necessitate any differences in the running time between the A. M. and the P. M. train as will be seen by reference to our “time table.”

I have the honor to be,

Sir,

Your obedient servant,

To the Chairman

R. P. S. Commission.
Quebec.

W. BOWMAN,

Sup. L. & P. S. R. C.

MONTREAL AND VERMONT JUNCTION RAILWAY.

Legislative Council Chamber,

Quebec, February 6th, 1865.

Sir,

I have the honor to state that this Company has become aware that a Commission, of which you are the Chairman, is now sitting for the purpose of considering the question of remuneration for postal services, and I have been directed to submit to you a written statement of the claim of this Company for carriage of the mail.

This Company have only recently opened their line of Railway, extending from St. John's to the Province Line, a distance of 25 miles, connecting at the Province Line, with the Vermont Central Railway ; the public service will require that the mails be carried over their line twice each way per day, including the American and British mails.

For this purpose exclusively, they keep in use separate Post Office cars furnished with fire, light, &c.

For these services, which, I understand, are identical with those rendered by the Grand Trunk Railway Company on some sections of their road, this Company claims remuneration at the rate of \$200 per mile.

I have the honor to be,
Sir,
Your obedient servant,

The Hon Wm. HUME BLAKE,
Chairman,
R. R. P. S. Commission.

G. H. MOORE,
President Montreal and Vermont
Junction Railway Co.

MEMORANDUM BY THE DEPUTY POSTMASTER GENERAL of certain observations offered for the consideration of the Commissioners appointed to enquire into the rates of payment for Railway Postal Service, in regard to a Statement of the case of the Grand Trunk Railway, dated Montreal, 16th January, 1865, of which a copy has been furnished to the Postmaster General by Mr. Brydges.

The first fourteen pages of this statement are occupied in a history of the construction and financial difficulties of the Grand Trunk Railway, and other points having no direct bearing on the question the Post Office has had to consider, viz: *what should be an equitable rate of compensation to Railways in Canada, (including the Grand Trunk with other Canadian Railways) for the carriage of the mails in their trains.*

The ordinary Railway tariffs for Passengers, Freight, Express matter, &c., carried by the Trains, furnished no exact criterion for the mail portion of the general traffic, inasmuch as the service had in the carriage of the mails, differed in some one material point from the service given in the case of each of the other descriptions of traffic, and required the establishment of a tariff special to itself.

The Post Office and the Railways generally, have not agreed in their respective estimates of how these points of difference should affect the Railway rate for the carriage of mail bags, as compared with the rates assessed by the Railways on the carriage of other matter, and the Grand Trunk Company has added a further element of difficulty in the case of that road, in the assumption urged of late years, that such Passenger Trains as it runs, are run for the purpose of carrying the mails.

In so far as these preliminary pages of the Grand Trunk memorandum contend for the existence of a moral responsibility upon the Province for the profitable working of the Grand Trunk road, which should find expression in the settlement of the price to be paid for the carriage of mail bags, they merely repeat the arguments which have been fully considered and answered in the report of the Postmaster General (Honble. Mr. Mowat) on this subject, of 12th August, 1863.

At page 14 the statement proceeds to discuss the question as to what is a proper amount to be paid to the Grand Trunk Company for the carriage of the mails.

Before entering upon the remarks which the arguments and details contained in the remaining part of the statement appear to suggest, the undersigned desires to advert to certain leading points and matters of fact in connection with this subject, which require to be kept constantly in view when considering the statements put forward by the Grand Trunk and other Canadian Railways in support of their claims.

- 1st. That it is recognized by the Railway authorities of both the United Kingdom and the United States, as a fixed principle, that the rate to be paid for carriage of the mails should be no more than what would be a fair charge to individuals for like services, taking in account the claim of the Post Office to abatement on the ground of the continuity of the service it offers.
- 2nd. That when reference is made to the maximum rates of two, three, or four shillings sterling a train mile (= \$300, \$450 to \$600 a mile of Railway per annum) paid to certain Railways in England, it is to be remembered that these rates are paid for a train of which the Post Office has the entire control, fixing and altering the hours of running, stopping places, &c., as it pleases, and occupying such number of cars as it needs. On the leading lines, where these prices are paid, as many as five or six entire carriages, each about 24 feet long, fitted up in a most perfect manner, and carrying from 6 to 12 Post Office clerks and guards on duty therein, are occupied by the mails on each train. That these trains are run at the highest rate of speed attainable on the road, and are frequently under limitations as to the weight of Passengers or other light traffic they are permitted to add to the Post Office cars. That such trains are not ordinary trains converted into Post Office trains by the fact of being used by the Post Office, but, as the Railways state, are trains thrust by the Post Office, at the hours of its choice, amongst the trains running for the Company's passenger and general traffic purposes.
- [2] 3rd. That when reference is made to the maximum rate of \$300 a mile assigned by Congress to first class Railways in the United States as compensation for the conveyance of the mails, it must be borne in mind that the immense amount of mail matter passing over such first class Railways in the United States, necessitates the provision of an entire Railway car and sometimes even further additional space, for its reception, that is to say, that the service given to the United States Post Office on the trains of such first class \$300 a mile Railways, is as regards the essential of space occupied by the Post Office, three times greater than that given to the Canadian Post Office by the Grand Trunk Railway, also that this payment includes the carriage of the mails between the Railway and all Post Offices within a certain distance from the way stations, and the service of other offices at the termini of the roads.

It is necessary to ask attention to these two latter points because constant references are made in the Grand Trunk Statement to the maximum prices paid by the British and United States Post Offices, as illustrating the insufficiency of the price paid in Canada, whilst the very material facts above noted as to the comparative extent of the services for which these several rates are paid, are, no doubt inadvertently, omitted.

The undersigned will now proceed to notice seriatim, such paragraphs in the Statement as appear to invite comment.

Unquestionably the growth of the Canadian Post Office during the last 14 years, as remarked upon on pages 15 and 16, has been very striking, and no doubt the introduction of Railways has had a very beneficial influence on Post Office operations, but the Statement omits to allude to the reduction of the Postage rates by nearly 70 per cent. which took place in the first year of this period, and to the great expansion of the business of the Department in increased number of Post Offices, Post Routes, &c., which followed in the first years after the transfer of the Canadian Post Office from Imperial to Provincial control in 1851. The policy which dictated these changes has been followed up to the present hour, and has certainly had a more direct bearing on the growth of the Post Office, than the effects ascribed to Railway influences, in fact the Post Office business increased at a greater annual ratio in the two years previous to the commencement of the Grand Trunk, than in any subsequent years.

Moreover, all these considerations, to whatever extent they may be valid, apply to the relative value of the transmission of the mails by Railway *to the Post Office*, and have nothing to do with the simple business question of what should be an equitable remunerative rate of payment to the Railway Companies for such transmissions in their trains. In England the Postal business continues to augment year by year, but the rate of payment to the Railways as steadily diminishes.

On page 17 the Statement then enters upon an examination of the relations between the Post Office and the Railways in England.

What is stated as to the mode of settlement by arbitration, of questions of difference between Railway Companies and the English Post Office is correct as far as it goes, but to make it clear what deductions may safely be drawn from this, it should be added that the English Post Office can send mails by ordinary Passenger trains in charge of a Post Office guard, with the privilege of exchanging mail bags at all stopping places, on payment of a second class Passenger fare with allowance for excess of weight of mail over ordinary baggage, at ordinary baggage rates, and that the possession of this power practically limits the application of arbitrations, to the trains for which the Post Office fixes the hours and controls the running as described on page 2 of this memorandum.

In asserting that the rates of payment by the Post Office Department in England to Railway Companies have *increased* since 1854, the Representative of the Grand Trunk Company has been misinformed, the fact being that the rates have been continually on the decline, and are now materially *lower* than in 1854.

The Annual Reports to Parliament of the Imperial Post Office shew that the Railway rates of payment were

FOR THE UNITED KINGDOM.

	Year 1854.			Year 1862.		
	s. d.			s. d.		
Maximum.....	4	10	stg.	4	1	stg.
Minimum.....	0	$\frac{3}{4}$	"	0	$0\frac{1}{4}$	"
Average.....	0	$8\frac{1}{2}$	"	0	$6\frac{3}{4}$	"

FOR ENGLAND ALONE.

	Year 1854.			Year 1862.		
	s. d.			s. d.		
Maximum.....	4	10	stg.	3	$2\frac{3}{4}$	stg.
Minimum.....	0	$\frac{3}{4}$	"	0	$0\frac{1}{4}$	"
Average.....	0	8	"	0	$6\frac{1}{4}$	"

[3] The statement selects from rates paid in England a rate of 2s. 4d. stg. per mile run (=\$355 per mile of Railway per annum for one daily service each way) paid to the London and Birmingham,—3s. stg. (=\$457 per mile of Railway per annum for one daily service each way) to the York and Berwick, and 2s. 3d. (=\$342 per mile of Railway per annum for one daily service each way) to the London and Dover Railway, and applies these rates as a fair measure of what the Grand Trunk should be paid, but to give these references a just value, they should have included a specification of what the services are, for which these prices are paid, and it would then unquestionably appear, that, being on the great lines of Postal communication, they are trains of the class described at page 5 of these remarks, controlled altogether by the Post Office, and furnishing service of a quality and extent to which that given by the Grand Trunk makes but a very distant approach.

The statement argues that because the traffic is large on these great English lines, and because the passenger trains are running constantly during both day and night, these prices should be considered to be relatively low, and that on such fully occupied lines such Post Office train service can be supplied at a low figure; but the writer in reasoning thus overlooks the fact that the English railways contend that where there is a large and frequent traffic and many trains running, a railway has a right to look for a relatively *higher* rate of payment for conceding to the Post Office the right to fix and alter the hours and otherwise control the running of a train for mail purposes, than it would have if the traffic were scanty, obviously, because the risk of inconvenience to the general traffic arrangements of a railway, from the exercise of such power of interference, would be greater in the former case than in the latter.

Three considerations enter into the computation of an English railway postal rate, namely:

- 1st. The actual cost of the service to the railway.
- 2nd. The profit to be allowed in addition to actual cost.
- 3rd. The price to be paid by the Post Office as compensation for the power to control the train, fix the hours of running, &c., when such a power is to be stipulated for.

It seems to be admitted by the railways as well as by the English Post Office, that a determination of the value to be assigned to the first two points, presents but little difficulty, and as they comprise all the elements of the service when merely ordinary trains are used, this view is corroborated by a passage in the House of Commons Committee Report of 1854, as follows: "There is no difficulty in fixing the price to be paid by "the Post Office for any amount of service when the mails are carried by one of the ordinary passenger trains," but it is upon *the last point*, that the disagreements between the English Post Office and the railways take place, *the price to be paid for the controlling right over the hours, &c., of a train*, and it is upon this point, that the necessity for arbitration arises, and upon this point, that room is found for the strange variations which are stated to occur in the results of such arbitrations. Valuations of the right of interference with the management of such a business as that of a leading English railway might be expected to differ widely from time to time, or upon appeals to the judgment of different individuals.

The last paragraph on page 17 would seem to imply that the Grand Trunk runs passenger trains for the purpose of carrying the mails, *which it would not run at all*, for its traffic purposes, but the Post Office is not aware that any such additional train is run, nor is it apparent what train on the existing time tables is thus referred to.

When in September, October, and November 1862, the Postmaster General for the time being (Honorable Mr. Foley) under the influence of the opinion which then prevailed in the Province, that the Grand Trunk trains were arranged expressly to inconvenience correspondence, and thus coerce the Post Office, appealed to the Grand Trunk management for modifications to prevent the grievous delays to which the mails were at that time subjected on the Grand Trunk line, the reply was, that the Company regulated its trains as it found most convenient to the Passenger traffic, and refused to make any modification to suit the mails.

Now at that time the Company ran quite as many trains carrying passengers as it does now, and it is difficult to see how under such circumstances and in the face of the Grand Trunk repeated declarations at various dates, that it regulated its trains to suit its traffic, and not to suit the mails, that it can now be alleged that it has been running additional trains for the mere purpose of mail carriage.

On page 18, reference is made to the payments to Irish Railways, and to the fact that the average rate is higher than in England, and to a certain number of the highest class rates selected for comparison with a Grand Trunk rate, but as in the case of English Railways, these references omit to mention that these high priced trains alluded to, are trains controlled by the Post Office, and for which the price paid, includes the purchase of that right of control.*

When Mails are sent in Ireland by ordinary trains, the rate of compensation is moderate enough, less than 4 cents a train mile, for instance, for a daily mail between Dublin and Galway.

[4] As regards the parallel drawn between the Victoria and Menai Bridges, and the allusion made to the large sum paid annually through the Imperial Post Office to the Chester and Holyhead Company, to which the Menai Bridge belongs, it is to be observed that the Imperial Post Office states that it omits this payment from its calculations of Railway Postal payments, "as only part of that payment" is for Postal Service, the remainder being of the nature of a Government grant "to increase the general facilities for communication with Ireland."

The Grand Trunk Memorandum then passes to the consideration of the rates of payment for Postal Service made by the United States Government to the Railway Companies in that country.

The description of conveyance given by the American Railways to the mails is more analogous to that given by Canadian Railways, than the service had by the English Post Office from the Railways of the United Kingdom, and it is natural to expect therefore that the rates paid in the United States would afford a more useful standard for comparison with the Canadian rates, and it becomes the more necessary to examine carefully the references made to the United States Postal rates, and estimate the relative value of the services given by the American and by the Canadian Railways, particularly the Grand Trunk, for the rates respectively paid to them.

As remarked by the Honorable Mr. Mowat, on page 58 of his Report, there is, however, such an absence of uniformity in the prices paid to American Railways for apparently similar classes of service, and the Postmasters General of the United States have so repeatedly declared their convictions that the defect in their Law, leaving it optional with American Railways to carry the mails on their trains, had led to the enforcement by the Railways in many instances of

* Captain Huish, Manager of the London and North Western line, states that the higher price to Irish Railways is charged on account of the Post Office requiring its special trains to be run at night when the Irish roads would otherwise not be open at all. On the Grand Trunk line the road is kept open at night for the freight trains.

exorbitant prices, that it becomes extremely difficult to draw exact conclusions from the American Post Office Returns of Railway payments and services. We know sufficiently well what the services in each case are, and what the rates paid are, but unfortunately the want of uniformity in the relations between them, embarrasses the attempt to compare any combination of service and rate, with the service and payment on a Canadian road.

The Grand Trunk Memorandum notices that by Act of Congress the Postmaster General is directed to divide the Railroad routes into three classes and not to pay more than \$300 a mile per annum for mail transportation to the 1st class Railroads, \$100 a mile to the 2nd class, and \$50 per mile to the 3rd class, and then goes on to remark that it is obvious that the specification of first, second, and third class must mean with reference to the importance which the particular line of Railway bears to the district of country through which it passes, but this idea is not well founded, for the Act of Congress lays down the definitions of what is to govern the Postmaster General's judgment, and says : *that the division into classes shall be according to the size of the mails, the speed with which they are conveyed and the importance of the service*, that is to say, in proportion to the amount and value of the work actually done by the Railway in mail carriage.

The singular misconception is then re-asserted, which has before appeared in Grand Trunk Railway statements, that the American rate of payment to the 1st class Railways of the United States, is made for one daily service with a distributing car, and that if mails are carried over the road by any other train than this, it is an unimportant service which does not affect the rate of payment, and this idea is more emphatically expressed again on page 23, thus: "It has already been stated that in the United States, the distributing mails are carried upon one train stopping at each station and which distributes the mails upon the way in a car specially fitted up for the purpose, that is the only distributing car that is run upon any American railway, it is only run once each way during the day time, and *it is for that service that the rate of payment is made.*"

Now it has evidently escaped the research of the Grand Trunk Company that the fact is precisely the reverse of what it has thus been led to believe.

The truth is that it is this train stopping at all stations and carrying mails for the small villages by the way which is the comparatively unimportant part of the service on the leading lines of American Railway with which the Grand Trunk desires to rank, this train is always a slow train, and the principal mails passing over the road are, as a matter of course, forwarded by trains travelling at a greater speed.

Of the mail matter passing to Buffalo over the New York Central, for instance, only about 10 per cent goes by the slow distributing train spoken of, and the assertion is, therefore, that the conveyance of the other 90 per cent of mail matter is an unimportant part of the whole service not considered worthy of any payment at all!

As it is on the New-York Central, so in the very nature of the case it must be on all the other main lines.

On a local or inferior class road, the train distributing to the way offices will very probably be the chief postal service of the day, and in many cases the only service, as any other bags than those for the way offices, could be sent at the same time. Further, when through mails are sent by a second daily train on a road of this class, such through transmissions will not be of the same relative superior importance to the way office service, as they are on one of the great leading roads.

The United States Post Office exercises no control over the Railways, and uses only the ordinary trains, taking as many services as may suit its wants from the ordinary time tables of the roads.

[5] Whatever number of daily services the American Post Office obtains from a Railway, it stipulates that one daily service each way shall be given to the way offices on the line of Railway, and this distribution of bags to the way offices, is generally superintended by a Post Office Agent travelling with the train. It is generally a mere distribution of bags, and not an assortment of letters or making up of mails in the train, as in Canada.

The Postmaster General of the United States, in his report to Congress of December, 1857, states that he is going to increase the number of Post Office Agents to travel with the mails, because the accounts of mail bags under conveyance are not kept in a satisfactory manner on some of the principal western lines "owing" (he says) "chiefly to the fact that the larger proportion of what are "called through mails, go by express trains in charge of the baggage masters, "and not the agents of this department. The latter travel on other trains for the "purpose of delivering mails to numerous Post Offices on the way where "express trains do not regularly stop, and it has been considered an unneces- "sary expense to appoint agents simply to deliver bags, when the Railroad "Companies are paid as well for that service as for conveying them, there being "express stipulations to that effect in all contracts. These views are undoubt- "edly correct in theory, but experience has shewn that Railroad Companies cannot "be made to appoint persons to give the mails due attention in all cases, and "there is, therefore, no alternative but to multiply largely the number of depart- "ment agents on all great routes where important mails now go without them.

"In addition to the western routes just alluded to, there are many others of "equal grade in the same category. The principal mails between Philadelphia, "Baltimore, and the West, for instance, have been nominally cared for by "baggage masters."

The above extract will illustrate the brief sketch given of the chief features of Railway mail conveyance in the United States.

During the last summer the American Post Office commenced to give to their principal railway mails the benefit of the system of assortment, &c., whilst on the road, practised in Canada, (to which two officers of the Canadian Post Office lent their assistance) and at this time the main through mails between Washington and New York that formerly passed as through mails unopened by the way, pass in a car 47 feet long, specially appropriated to the Post Office, fitted up with every convenience, and carrying 8 clerks who open the through bags and prepare the correspondence whilst the train is in progress. This service is quite a distinct thing from the way office distribution on which such undue stress is laid by the Grand Trunk.

In the United States Post Office return to Congress for the year 1863, (the latest in the possession of this Department) of the Railways receiving payment for Postal service, embracing 22,152 miles of railway, there are but six cases covering in the aggregate 533 miles, in which the maximum sum of \$300 a mile per annum is paid or exceeded, viz :

Railway.	Miles.	No. of daily services each way.	Rate of annual payment per mile of Railway.
Boston to Worcester	46	3	\$300
New York to New Haven....	76	{ 3 and once each way } on Sunday.	375
New York to Philadelphia ...	90	3 & do	375
Philadelphia to Baltimore....	102	3 & do	300
Baltimore to Washington ...	40	4 & twice do	300
Baltimore to Wheeling.....	179	3 & once	300
	533		

It will be observed that only two Railways receive a rate exceeding \$300, and then the excess is 25 per cent. on that amount.

From the tenor of the remarks in the Memorandum on cases where more than \$300 is paid, it would seem that the Grand Trunk Company has not observed that the Act of Congress which lays down the scale of \$300, of \$100, and of \$50 per mile per annum respectively, at the same time authorizes the Postmaster General to add 25 per cent. to those rates when there is night postal service.

It has appeared to be necessary to devote some space to the elucidation of what the American Railway postal work is—more especially on the chief roads—because the line of argument founded on the fallacy that that work as paid for, is confined to one daily service, as described in the Grand Trunk Memorandum, would seem to be, that the Grand Trunk in order to prove a just claim to the same rate of payment as that given to the principal American Railways, is not bound to show that it performs more work for the Canadian Post Office than this single daily service, and that the rest of the mail service performed by these American Railways over and above that particular daily trip not being, as the Grand Trunk asserts, counted in the work paid for by the United States Post Office, should not enter into the consideration of the question of comparative service by the Grand Trunk and by the American Railways adverted to. If any further demonstration were needed of the error in this mode of reasoning, it might be found in the fact that the 25 per cent. additional paid to the New York and Philadelphia Railway for instance, is not paid in connection with the Way Office service trip at all, but is paid in consideration of conveyance being given by night through Express Train, [6] to what is known as the great through night mail between those cities, so that according to the Grand Trunk theory \$75 a mile per annum additional is paid as compensation for a *variation in the manner of doing a particular service*, which service in itself was not considered to be of sufficient importance to enter into the question of payment at all, as respects the regular rate.

An elaborate examination of the question of the rates of payment to American Railways, and of the bearing which those rates appear to have upon the question of a rate for the Grand Trunk, will be found in the Hon. Mr. Mowat's Report.

At page 22, the Memorandum takes up the subject of the different Orders in Council passed in regard to Postal payment, and of the arrangements made by the Post Office Department upon this question. It states that the first part of the Grand Trunk line brought into operation was the line from Montreal to Island Pond, connecting there with a line from Portland, that this Portland line carried mails for the United States once each way during day-light, for which—

- (1.) “ \$110 per mile of Railway per annum was paid,---that on the 7th
- (2.) “ August, 1853, the Postmaster General being present and *concurring*,
“ a resolution was passed by the Grand Trunk Board, agreeing to
“ carry the mails on the Island Pond section at the same rate per mile,
“ viz : \$110, as was then being paid by the United States Government
“ on the continuation of the line to Portland.
- (3.) “ Only one Train each way, and that during day-time, was then
“ being run. There was no provision for a distributing car, the bags
“ to be received and delivered on the Station platforms.
- (4.) “ It was admitted by both sides to be experimental, and only a pro-
“ visional arrangement for a section of the line not carrying a large
“ mail, or such a one as would be necessary when the line was opened
“ throughout.

- (5.) " This provisional arrangement was adopted by the Post Office Department, and the rate of \$110 a mile was regularly paid up to September, 1858, the Company's account being regularly sent in at that rate and as regularly paid.
- (6.) " In September, 1858, it now appears, that the then Postmaster General made a Report to Council suggesting an alteration in the rate of payment, but without either communicating with the Company on the subject, or entering at any length in his report as to the reasons
- (7.) " which induced him to propose such changes. No intimation was made to the Company of this Report, or Order in Council for some
- (8.) " years afterwards, the Company continuing to send in its accounts without any objections from the Post Office up to the middle of 1861, at the rate of \$110 a mile, in ignorance that any such Order in Council had been passed."

It appears to be necessary to quote this part of the Memorandum at some length, because inferences of importance are suggested by it, whilst it contains many inaccuracies which it is desirable to correct, inaccuracies of a character which the compiler of the Memorandum might readily have fallen into if not connected with the Grand Trunk in its earlier years, but not the less prejudicial to a true understanding of the relations between the Railway and Post Office therein adverted to.

For the propriety of these corrections there is documentary evidence in most cases and in others the undersigned can only speak from personal knowledge as chief permanent Officer of the Department at the time.

To save repetitions as far as possible, the points which it is desired to rectify have been marked in the above quotation 1, 2, 3 &c., and will be taken in that order.

- (1.) The United States Post Office Report to Congress for 1853 states, that the rate of payment to the Portland and Island Pond Railway for the year ended 1st October 1853 had been \$100 *per mile per annum*, and not \$110 as in the Grand Trunk Memorandum, the same rate is stated for the years 1854 and 1855. The same reports state that the mail service was *twice a day*, on 48 miles of the road in 1853 as well as in subsequent years. *
- (2.) The Postmaster General was *concurring*, so far as his being present as a Railway Director at the Railway Meeting in question was a concurrence, but at the most the fact could have no greater significance as regards cognizance of what was done, than the parallel circumstance that the President of the Grand Trunk Company was, as stated in one of the Grand Trunk papers, present as a Member of Council when the Order in Council of September 1858 was passed, of which the Grand Trunk complaint that it had no knowledge, is re-iterated in this memorandum.
- (3.) It is alleged that the Grand Trunk was running but one train a day on the Montreal and Island Pond section, and that there was no provision for a distributing car, the fact being that *two* trains a day were run at the time, leaving Montreal for Portland at 7 A. M. and 3 P. M., and the Post Office Inspector reports on the 10th August, 1853, that

* As the line of argument seems to be that the \$110 a mile was intended as a rate for one Train a day it is worthy of note that in the account rendered by the Grand Trunk for the quarter ended 5th October 1861, the Rivière du Loup section of the road 126 miles, where only one daily train had been running, is charged at \$55 per mile, shewing that up to that date, 1861, the Grand Trunk considered \$110 a mile to be a rate for *two* daily services.

he had been notified by the Grand Trunk that the distributing cars were ready for the use of the Post Office, and they [7] were availed of as soon as clerks could be moved from other duties to the service on this road, that is from about 12th August, 1853.

- (4.) There was no admission as regards the Post Office Department possible, for the Department knew nothing of the Grand Trunk minute of 7th August, 1853, until several years afterwards, and in the discussions which took place after the fact did become known, the Grand Trunk authorities were disposed to concede that the \$110 a mile rate was rather intended for the road in its more complete state, than for the disjointed sections of it.
- (5.) This so called provisional arrangement was not in any shape adopted by the Post Office Department, nor was the charge of \$110 a mile recognized, or paid, at any time up to September, 1858. The Grand Trunk sent in accounts quarterly at \$110 a mile but without referring to the minute of August, 1853, or alleged agreement in any way, but the Post Office from the first objected to the charge as too high and refused to pay at that rate, and all payments made were in the shape of advances on account of mail service, in round sums at no specific rate (the time being prior to the Order in Council of September, 1858, which first fixed Railway rates in accordance with the Statute.) These advances were, however, always kept by the Post Office carefully within an estimated rate, agreeing very nearly with the \$70 a mile afterwards accorded under the tariff of September, 1858, Order in Council.
- (6.) The rates fixed by the Order in Council of September, 1858, had no particular reference to the Grand Trunk, the Order simply established a general tariff for the payment of Postal service on all Railways in Canada in fulfilment of the duty imposed by statute upon the Governor in Council of determining in all cases what the rate of payment should be.
- (7.) Information that such an Order in Council had passed was sent by the Department to the Grand Trunk Company very shortly afterwards. The President of the Company, as before noticed, was a party to the Order. Moreover the Order was published in the Post Office Report for 1858, and was included in the public documents printed by the Legislature, and full a thousand copies were in one shape or other distributed broadcast through the Province, though it is true that for some reason which did not transpire, no copy of the Order was formally communicated at the time by the Department to the Company.
- (8.) The Company continued to send in accounts at \$110 a mile subsequent to September, 1858, and the Department continued to object to pay that charge, crediting the Company with \$70 a mile only, under the Order in Council Tariff.

In December, 1860, upon a consideration of what had passed as to rate of payment, the Government instructed the Department that the Order in Council of September, 1858, must be binding as to the rate of payment *from the date it passed*, but that under all the circumstances the right to object to the \$110 a mile charge *for the time prior to September, 1858*, might be waived, and the Grand Trunk credited with the *difference* between the total sum which the \$110 a mile rate would have produced up to September, 1858, and the total sum actually paid by the Post Office up to that time.

[Copy.]

THE PROVINCIAL GOVERNMENT OF CANADA

To the Grand Trunk Railway Co. Dr.

For the conveyance of Her Majesty's Mails, for the Quarter ending 5th October, 1861, at \$110.00 per mile per annum.

	Miles.		\$	cts.
To amount of account rendered			263,916	2½
Between Montreal and Boundary Line.....	128		3,520	.....
do Point Levi and Richmond.....	96		2,640	.....
do Montreal and Toronto.....	333		9,157	50
do Toronto and London	121		3,327	50
do St. Mary's and Sarnia.....	70		1,925	.....
do Rivière du Loup and Point Levi.....	126	at \$55	1,732	50
do do do do charged in last } account to Chaudière, only 8 miles, from } 15th December, 1860, to 5th July, 1861... }	8	at \$55	247	30
Special service per annexed sheet.....			6,362	85
			\$292,828	67½

(Signed,) J. HARDMAN,
Auditor.

Audit Office,
Montreal, 11th October, 1861. }

[8] This was done and the proceeding explained to the Grand Trunk. For the time following September 1858 the tariff of the order in Council of that date was maintained and the Grand Trunk notified that it would be maintained; nevertheless the Company continued to send in accounts at the \$110 a mile rate up to 5th October, 1861, (omitting only July quarter 1861) when it ceased altogether to send accounts.

To pass on to the other statements of the Memorandum there is probably an error of type in marking the distance between Quebec and Sarnia at 800 miles, the distance by the Company's tables being about 674 miles.

The argument drawn from the length of the Grand Trunk road as compared with the American lines scarcely applies, for the American Post Office does obtain night mail service from its leading lines of railway.

It may be that the Grand Trunk is a longer line under one independent management than any single American line, but the American roads so combine their running as to afford continuity of journey, and the result is the same. For instance the American Post Office can send a continuous mail from Washington to Buffalo, 678 miles, about the same distance as from Quebec to Sarnia, and no doubt even 500 miles further continuing on from Buffalo to Chicago.

There can be no difference of opinion as to the desirability of continuity of journey, at least on the Toronto, Montreal and Quebec section of the Grand Trunk road.

The Grand Trunk has an unquestionable right to pronounce *ex cathedra* upon what may be the most convenient and profitable arrangement of its trains

for traffic purposes, and the undersigned would only remark upon the statements* in this regard on page 24 that the Grand Trunk published statements have claimed that the present continuous arrangements of the trains have been affording comparatively larger traffic returns, and have been run at a lower working cost, than when the trains were arranged upon the principle the Memorandum suggests, that is by day only, with breaks of continuity at various points.

* TAKEN FROM GRAND TRUNK RAILWAY REPORT FOR HALF YEAR ENDED 31ST DECEMBER, 1863.

	HALF YEAR, DECR. 1862.	HALF YEAR, DECR. 1863.
	At which time Company asserted that its Passenger Trains were being run to suit its own traffic purposes, and not to suit the Post Office.	Passenger Trains running as now and, as the Grand Trunk Memm. alleges, expressly for Postal purposes, and not at all as the ordinary traffic requires.
No. of Miles open.....	1,090	1,090
Number of Passengers.....	453,926	529,723
Passenger earnings. ...	£127,180	£170,484
Total Receipts.....	£439,361	£477,838
Total Expenses.....	£332,563	£312,110
Percentage of ordinary working expenses...	59 ⁶⁸ per cent.	57 ⁵⁶ per cent.

The Report remarks as comparing 1863 with 1862 "The Passenger Receipts on the other hand show a very gratifying increase." The fact being that the Freight Trains, with which the Post Office is not alleged to have interfered, fell off in their earnings, whilst the Passenger trains, which the Memm. asserts were altered in a ruinous way for the Company in order to suit the Post Office, produced in their altered state, a "*very gratifying increase*" in the Company's traffic receipts and profits derived from them.

As respects the last paragraph on page 24 it is true that without seeking to dictate to the road (with the exceptions hereinafter noticed) the Post Office has always felt it to be a duty it owed to the public to remonstrate with the Grand Trunk when the trains appeared to be run so as to inconvenience correspondence, and particularly when, as often happened,---some slight concession or modification would have the effect of remedying the inconvenience.

When in the constant changes in the Grand Trunk train arrangements of the last six or seven years (changes as often as not made without the slightest reference to the Department) the accommodation to be had from the trains announced to be run, was such as to passably serve the purposes of mail conveyance,—such changes of arrangements have been accepted by the Post Office in silence.

It is but justice to the Manager of the Grand Trunk Railway to say here, that at no time have the mails passed with more regularity over the line, than during the last year and a half under existing train arrangements.

The undersigned is not disposed to dwell upon irregularities of a minor character, such as frequent, insufficient or defective provision for the mails in the cars, &c., because he is persuaded that such irregularities must have arisen rather from want of means at the disposal of the Manager, than from any want of desire to have the service properly cared for.

The references on pages 25, 26, and 27 to communications, from the Post Office Department of the 16th September, 28th November and 11th December, 1862, protesting [9] against the inconvenient arrangement of the trains at the time, and desiring certain alterations—references made as shewing that the Department exercised a control over the trains, would have lent some force to the argument, had the Memorandum been able to add that the requests of the Postmaster General in those letters for a change in the running of the trains, had been complied with, but the fact was that the reply of the Grand Trunk to those appeals was, that it ran the trains to *suit its own purposes*, and *would not adjust them to suit the Post Office*, unless the Post Office would agree to Grand Trunk terms of payment for such adjustment, and the trains continued to run as objected to by the Post Office, during all that autumn and winter.

In truth this passage of itself would sufficiently disprove the allegation that the Grand Trunk trains were run to suit the requirements of the Post Office.

It is difficult to connect the arrangement of the trains which commenced on the 18th May, 1863, and alluded to on page 28 of the Memorandum, with any expectations from the arbitration Bill, for that Bill from its known impopularity in the Legislature, never got beyond a first reading on the 18th March and the Session had closed on the 12th May, 1863.

The two trains described ran continuously as far as Montreal only, but thence to Quebec, the connection, as regards one of the trains, was made as far as Richmond by a freight train, and as regards the other there was no continuity to Quebec at all.

Since that date there has been a favorable modification giving Quebec one daily continuous Passenger train connection with the Western trains to and from Toronto.

Again the statement is urged that the running of the ordinary trains is governed by Post Office requirements, but this point has already been sufficiently commented upon.

The argument on page 29 as to the presence of Post Office clerks in the travelling Post Office cars, is met by Mr. Brydges' observation in his letter of 17th October, 1862, that this apartment being appropriated to the Post Office, it is a matter of no moment to the Company what the Post Office does with it. The risk incurred of liability for accidents in this connection is so trifling that it is doubtful whether it has cost the Grand Trunk a hundred dollars in the last ten years.

It is not a point of much consequence, but when the Canadian Post Office Report of 1857 stated that 40 Railway Post Office clerks were employed, the statement was clear that this was the total number of such clerks *for all Railways*, the proportion for the Grand Trunk was about 28, but it is observable throughout the Grand Trunk memorandum that in all quotations from the Canadian Post Office General Railway Statistics, it is assumed by the Grand Trunk, that the figures are wholly applicable to the Grand Trunk, and the existence of any other Canadian Railway is ignored---so when the Postmaster General spoke of 9-10ths of Canadian letters passing over Railways it certainly was not meant, as the Grand Trunk assumes, that this proportion of the correspondence passed over the Grand Trunk, for the Grand Trunk proportion could not have entered for much more than one half of the calculation.

As respects the annual passes specified, those to the Inspectors are necessary to enable those officers to superintend the Railway Postal service, and the permission to use other parts of the train than the Travelling Post Office car in which they would have a right to go without any pass at all, is a mere act of courtesy which could scarcely enter into any question of payment. The other

three passes are so far of a complimentary character, that certainly two out of the three have not been used once in the last five years.

The Department does not *claim* to have any of its clerks pass free over the road otherwise than in the travelling Post Offices in which it has a right so to send them, and no pass is ever given or asked for by the undersigned or in any other way to his knowledge at this Department, as he has always scrupulously avoided giving occasion for the sort of claim which is here set up. Nevertheless it may very well be that, at out stations, what are there probably looked upon as mere acts of courtesy between officers of the Grand Trunk and of the Post Office carrying on a public service together, do occasionally take place.

The observations in the last paragraphs on page 29, continued on pages 30, 31 and 32, approach the real question at issue as therein stated "*what is the value of the space which is appropriated in the car to the Post Office Department.*"

The undersigned would have preferred to have abstained from comment on any part of the Grand Trunk Memorandum until this question was reached; but it seemed improper to permit passages in the memorandum, having an alleged bearing on this question, or putting upon record points in the past history of the case, to pass unnoticed when they contained misapprehensions as to matters of fact, put forward no doubt inadvertently, but in which it was impossible that the undersigned should appear to acquiesce on behalf of the Department by passing them over in silence.

The calculations which these latter pages of the memorandum contain in connexion with Railway Passenger, Freight, and Express business, all appear to be of a most extreme character. The memorandum seems to claim that a just comparison with Passenger business rates of charge would give \$451 per mile of Railway per annum as the fair charge for the rental of the Post Office third of a car on a twice-a-day service, if with Freight charges \$488 per mile, and if with payment by Express Companies to the New York Central and Michigan Central Railways, \$274 a mile as to the first and \$220 a mile as to the second of these two roads.

[10] As regards the comparison between Passenger, Freight and Express charges and a Postal rate, the question has been so fully gone into by the Honorable Mr. Mowat in his Report of 1863, that the undersigned could add but little that would be useful to what has been there said.

It may be observed, however, that if the Grand Trunk could really run two full Passenger trains a day, earning the Passenger or Freight rates suggested as above in the Memorandum, it might dispense with all other kinds of business or train running, and yet be one of the best paying roads for its proprietors to be found on this Continent.

With respect to Passenger trains the Grand Trunk statements have always been extremely vague as to what a fair paying rate to the Railway would be as the earning of a Passenger train,—the *actual* earning of the Grand Trunk Passenger trains has been given by the Grand Trunk as 75 cents per train mile, but it is doubtful whether this computation applied to pure Passenger trains alone, or whether it did not include mixed Passenger and Freight trains. It would, however, seem that it should be a simple matter for a Railway to furnish a fair estimate on this point, on which to assess a rate for the Post Office to pay in proportion to the space given to it in such a train. The two principal Canadian Railways have always been willing to run a train for *\$1 per mile, and as the

* The Post Office has asked whether, as a special train charged to it at a dollar a mile generally carries more or less Passengers with the Mails—the Post Office should not have the benefit of some deduction from the \$1 a mile charge on that account,—but the Railways have replied to this, that the Passengers by such special trains give no additional business to the Railway, and do not augment the earning of the train, because such passengers would, had there been no special, have travelled by the next Regular train and have paid their fares all the same.

Post Office occupies about $\frac{1}{12}$ th of the car space on the ordinary trains of such Roads---that proportion would give $8\frac{1}{2}$ cents per train mile for a postal rate, and it is not clear why a Railway should demand more than this from the Post Office---though reasons, such as continuity of Post Office custom, absence of all trouble, expense, and risk to the Railway in carrying Mail Bags, &c., might be urged why there should be an abatement.

If the comparison be with freight business and charges, it is not easy to perceive why the Post Office freight, as represented by the third of a car space, divested as it is of all appreciable risk and trouble to the Company, should pay more than other freight of a like low grade as to risk and incidental trouble and expense, making such additional allowance to the regular tariff for freight of that description, founded on the relative cost of running Freight and Passenger trains, as might fairly represent the value of the advantage given to the Post Office freight in conveying it by Passenger trains.† This was the principle on which the rates fixed by the Order in Council of September, 1858, were based, and it is believed that, upon this freight charge basis, it would be difficult to shew why the postal payment for the third of a car by ordinary Passenger train should amount to *even* so much as the $8\frac{1}{2}$ cents per train mile suggested by the other mode of computation.

As respects the reference to contract rates between Express Companies and two Railways in the United States, the information given is defective in two essential points, viz:—it does not state what the right of the Express is as to frequency of service, nor, what is of more importance, what the amount of allowance may be which the specified rate of payment includes for what may be termed the Royalty due to the Railway on the Express traffic, the share the Railway always claims in the profits of the Express on the descriptions of light freight of which the Railway leaves to the Express the monopoly.

The Railways as a matter of course come under an obligation towards the Express not to compete with it for the conveyance of Express matter, and it is the consideration for this that raises the payment by the Express to a high figure. Mr. Brydges has stated that under an unfavorable bargain for the Grand Trunk Railway, the Express paid a bonus of \$40 a mile besides double ordinary first class freights, and such being the case, and taking into account the relative business of the two roads—the Grand Trunk and the New York Central—it is plain that the Express payment to the New York Central quoted in the Memorandum must have included a very considerable proportion of the total rate paid, as the equivalent for the transfer to the Express of this description of business.

It is the continued allowance for this consideration, no doubt, that raises the express payment for extra weight to a rate, as the Memorandum remarks, considerably in excess of 1st class freights, but what this allowance is exactly, there are no means of discovering, as it is not separately expressed in the Express contracts with the railway.

The Memorandum then proceeds to suggest that, as the Canadian Government pays the Canadian Ocean Steamships £44,000 sterling a year for the sea transport of the mails by a line which, as the Memorandum estimates, has required but a capital of £750,000 sterling for its establishment—making the subsidy equal to six per cent per annum on the amount of investment, the Canadian Government should pay the Grand Trunk six per cent per annum on its capital as a postal rate.

On a parity of reasoning---because the British Government pays the Cunard Line a subsidy of £175,000 sterling a year for a similar object on a capital of,

† The speed of the Grand Trunk Railway Passenger trains is about 21 miles an hour including stoppages.

say, twice that invested in the Canadian ships---equal to nearly 12 per cent on that amount of capital,---it should pay a postal rate for the railway transport of mails in the United Kingdom equal to 12 per cent on all the capital which has been invested in the construction of railways, in the United Kingdom---a somewhat startling proposition.

[11] The Canadian Post Office derives no postage or profit in any shape for the transit of the Ocean Mails, whether Canadian or United States, between Portland and the Boundary. As to the special trains alluded to as run with the Steamship mails to or from Portland or Quebec, the Memorandum forgets to mention that the Grand Trunk charges for these special trains a special rate of a dollar per train mile, and that the Grand Trunk accounts for all special trains furnished to the Department have always been paid without deduction of rate.

It seems most extraordinary that a grievance should be made out of the running of these trains, when the Grand Trunk receives its own special price for them, and that that fact should be withheld from the statement.

At this present time the Post Office is paying a dollar per train mile for the regular weekly Passenger and Mail train from Montreal to the Portland Saturday Steamship.

Having thus passed under review the Grand Trunk Memorandum of the 16th instant, setting forth the case of that particular Railway, the undersigned begs leave to express the opinion that, as regards the general question of determining what is a just rate of payment for the car space required by the Post Office for the reception of the mails, truer indications of what that rate should be will be found in an examination of the rates generally governing contracts voluntarily entered into by Railway Companies with individuals for the conveyance of freight by their train, than from any other source.

It seems impossible to obtain evidence on which there is any probability of agreement---founded on Passenger traffic earnings.--A Company runs each Passenger train upon an uncertainty as to whether the traffic it will obtain in the course of its journey will yield a profitable return or not ; and the Grand Trunk Company will not admit that the average of the actual Passenger train earnings on its line afford any certain or binding criterion as to the profit of the Passenger trains to the Company,---but with freight there is a material difference,---the Company may fairly be held bound to an admission of the sufficiency of the freight rate it voluntarily names in the case of the contracts alluded to, before undertaking the work.

The Postal rate should be in the shape of a tariff of so much per train mile for the appropriation to the Post Office of such space as it requires in the ordinary Passenger trains---the rate being fixed for a certain specific extent of space, so many feet in the length of the car, by the whole width, with a provision that, if the Post Office takes more or less than that extent of space,---the rate will increase or diminish in like proportion.

The Tariff, to be comprehensive, should, (like the order in Council of September 1858, which in that respect remains in force as regards all Railways) make a provision for the payment of a certain rate per cwt. per train mile---for the mail bags sent in charge of a Railway Company's servants, as ordinary baggage, without any special appropriation of space.

The Department has not considered it desirable that what is known as the side service for the conveyance of the mails by stage, horse or foot messengers, between the Railway Stations and the neighbouring Post Offices, should be entrusted to the Railways.---The Post Office would prefer to retain a direct supervision over the performance of that, as of all other descriptions, of ordinary mail contract service.

The Postmaster General requests that opportunity may be afforded to the Department of making such further observations on this question, as in the further proceedings of the Commission---or with reference to other statements which the Railways may urge before the Commission, it may seem to him right that the Department should submit for the consideration of the Commissioners.

W. H. GRIFFIN,
Dy. P. M. Genl.

Post Office Department,
Quebec, 30th January, 1865.

POST OFFICE DEPARTMENT,

Quebec, 4th February, 1865.

SIR,

With reference to some observations made by the Commissioners this afternoon, intimating that the binding effect of the Order in Council of the 18th September, 1858, had been questioned by the Railways on the ground, that as the Governor in Council in passing that Order acted in a judicial capacity, the Railway interest should have had an opportunity afforded it of setting forth its case, but that this opportunity was not afforded, and that the decision embodied in the Order in Council was come to in the absence of information from the Railways as to what their case was,—I beg permission to say that such a plea is so entirely at variance with my knowledge of the course of the transaction, and with what appear to me to be the substantial facts of the case, that it had not occurred to me that a plea of this nature could be set up, and if any passage in the Grand Trunk Memorandum of the 16th ult. was, as the Commissioners seemed to think, intended to bear such a construction, it had, for that reason, escaped my notice in preparing my answer to that statement.

As regards the capacity in which the Governor in Council acted when passing the Order in Council of 18th September, 1858, I beg to remark that the manifest intention of the Legislature in the sections of the Railway Act applying to tolls or charges to be taken by the Companies, was to assure as far as possible to all and every one using the Railway, equal advantages as to conveyance under like circumstances, at equal rates of payment, and to prevent any undue advantage being taken by the Railway of its monopoly of transport, to exact higher rates from one class or interest than from another, and the regulating power to enforce this principle was vested in the Governor in Council.

As respects Passengers or Freight, no tolls were to be leviable or taken by a Railway until approved by the Governor in Council, and to the Governor in Council was given power to reduce absolutely, as it thought fit, the scale of tolls proposed by the Company.

Then, as respects the mails, the Statute says, Her Majesty's mails shall at all times, when thereunto required by Her Majesty's Provincial Postmaster General, be carried on the Railway "on such terms and conditions and under such regulations as the Governor in Council makes," and this provision as respects the mails does not, as in the case of Passengers or Freight, say that the Railways are to submit such rates of charge as they may propose, but declares that the Governor in Council shall prescribe to the Railways the terms, conditions and regulations under which the mails shall be carried.

Of course it must have been presumed that the Governor in Council, in exercising this power would do what is right, but the privilege given to the Railways to propose, for the sanction of the Governor in Council, rates of charge for Passengers and Freight, is expressly omitted as respects the mails, and the right of the Governor in Council to make binding the rates fixed by the Order of the 18th September, 1858, does not seem open to impeachment on the ground of alleged want of conformity to some preliminary form of procedure, not contemplated, so far as can be perceived, by the Statute.

Nevertheless, so far from the Railways having had no opportunity previous to September, 1858, of stating their case to the Government, the discussions between the Post Office, on behalf of the Government, and the Railways, on the question of what should be the Postal rate, were long and frequent, and it was not until every effort to come to an agreement by discussion with the principal Railways interested, had apparently been exhausted, that the differences in opinion between the Railways and the Post Office as to what the Postal rate should be, were submitted to the Governor in Council as irreconcilable, and the Council invoked to use the power, vested in it by the Statute, of fixing the Postal Railway rates.

The Postmaster General was authorized by the Post Office Act (Con. Stat. p. 369,) to contract with Railways for the conveyance of the mails, and would have preferred to have made arrangements under this power, based on mutual agreement as to rate of payment.

The Post Office in discussing the question of rate with the Railways, took from the first the position that the Government should not be called upon to pay more for the accommodation it had for the mails in a train, than would be charged by the Railway [2] to any other customer for a like measure of accommodation, but the Grand Trunk and Great Western Railways persistently refused to accept any settlement of the questions on that basis, or to go into any comparison of their ordinary traffic rates or earnings, with the rates the Post Office was disposed to agree to. The Railways maintained that the service performed in the carriage of the mails was too valuable to the Post Office to be measured by any such standard, and claimed to say, not what the service was worth as calculated from the cost of performing it, but simply what they were willing to name as the price they would accept for the use of such of the trains running for traffic purposes as might suit the wants of the Post Office.

These discussions, renewed at frequent intervals, lasted through four years without coming to any definite conclusion.

The Post Office maintained that the position taken by the Railway was unsound and might have served equally well to justify a demand for \$500 a mile per annum as for \$100 or \$110, but the Railways refused to move from it, and restricted their case to the demand of \$110 per mile per annum from the Grand Trunk, and \$100 per mile from the Great Western.

As the Railways refused to assist in ascertaining what the Railway Postal rate should be, upon the only basis which appeared to the Post Office to be capable of yielding a result which would operate justly for both parties, the Post Office was driven to make the calculation for itself, from such information as it could collect.

The chief data relied on were these—

In the first place, the Department sought for its facts from the charges then in force on the Great Western, rather than on the Grand Trunk Railway, because the tariff of the former was higher than on the latter, and therefore, less open to

exception, and because the Great Western was considered at the time to be a road whose tariff yielded a good working profit to the Railway.

It was found that the Great Western had contracted with the United States Government to give to it, as nearly as possible, the same car space as that the Canadian Government desired to have, and that the rate paid by the United States Post Office for this was \$30 per mile per annum.

It was found that the Great Western was letting cars for the carriage of cattle from Detroit to Suspension Bridge, a description of freight requiring quick conveyance, involving considerable risk, and the haulage of the cars entirely empty on the return trip, at a rate which, allowing for the want of earning on the return trip, was not more than equivalent to \$20 per mile of Railway per annum, as the rental of the third of a car for one daily trip each way.

It was found that, so far as the information to be obtained permitted of a judgment, the Express Company did not pay more than from \$30 to \$35 a mile of Railway per annum for precisely the same extent of accommodation as was given to the Post Office.

From these facts, mainly, the Post Office came to the conclusion that about \$35 a mile per annum for a third of a car, would be a fair rate, including, as respects a comparison with the freight charge selected, an allowance of 75 per cent as compensation for the advantage had by the Post Office in conveyance of the mails by a passenger instead of a freight train.

These facts were then laid before the Governor in Council.

The Postmaster General reported to Council on the 18th June, 1858 :

1st. That the Post Office and the Railways had not been able to agree upon a rate of payment for Railway mail transport.

2nd. That the Grand Trunk named \$110 per mile per annum, and the Great Western \$100 per mile per annum, as the rates they respectively demanded for the use by the Post Office of such trains as might be running for Railway purposes, without defining what extent of service this would give, and without conceding to the Post Office any control over the frequency of the trains, hours of running or selection of stopping places.

3rd. That the Post Office had not agreed to these terms, considering the rates asked by the Railways to be too high for such a service as that offered.

4th. That the Post Office had, with the help of such information as it could collect on the subject, come to the conclusion that \$30 a mile per annum as the rental of the third of an ordinary car for each daily service (one trip each way) by Day Train with [3] an increase to \$40 if by Night Train, being an average rate of \$35 a mile to the Grand Trunk and Great Western Roads, would be an equitable rate of compensation.

5th. That under these circumstances, it was desirable that the power vested in the Governor in Council by Statute, of prescribing the rate of compensation to be paid to Railways for the carriage of the mails, should be exercised.

The subject remained three months under the consideration of the Governor in Council, during which time the Grand Trunk papers state that their President was a member of the Council, and contended against the adequacy of the rates the Postmaster General had suggested.

On the 18th of September, 1858, the Governor in Council passed the Order so often referred to, practically rejecting the rates claimed by the railway companies, and adopting the rates recommended by the Postmaster General.

There was no secret made of this Order in dealing with the railways, it was immediately made the basis of all payments to them, and produced as the standard by which the Post Office had to regulate its Railway payments, and it was printed in the account of the Post Office transactions of the year.

The Railways, in the discussions which have gone on since September, 1858, have protested against the sufficiency of the rates the Order in Council then fixed; but I have never yet heard or seen it demonstrated that the data on which those rates were arrived at were unsound,

That the Great Western was *not* contracting with the American Post Office at \$30 a mile,

That the Great Western was *not* letting its cars for freight of the description named at the rate assumed,

That the Grand Trunk was *not* letting its freight cars at even lower rates,

That the deduction for haulage of return empty cars was *too much*,

That the addition of 75 per cent. to the freight charge to make up a rate by passenger car was *too little*,

Or that the rate paid by the Express Company for the rental of car space was *more* than the sum calculated on.

However the Government in 1863, moved by the constantly re-iterated complaints of the Grand Trunk, and in consideration, probably, of what had previously been done to re-open the question, consented to reconsider the case of the Grand Trunk, and after a full hearing of all that the Grand Trunk at that time desired to urge, (a Committee of the Executive Council having been appointed to confer with the Grand Trunk representatives on the subject,) and the reception of a very elaborate Report from the then Postmaster-General (Hon. Mr. Mowat), passed an Order in Council, dated 12th August, 1863, making the rate to be paid thereafter to the Grand Trunk as follows:

Sixty dollars a mile of Railway per annum, for one daily service each way by ordinary Express Passenger trains, with Post Office car, over any part of the road with continuity between Toronto and Quebec, and \$40 dollars a mile for any second daily service by any description of trains on any part of the road west of Quebec.

The operation of this order is to give on 872 miles of Railway, covered by the first daily service as above, at \$60 per annum.

545,872 train miles	\$52,320
On 460 miles of Railway covered by second service	
287,960 at \$40 a mile	\$18,400
<hr/>	<hr/>
833,832 train miles	\$70,720

equal to 8½ cents as an average rate per train mile.

Notwithstanding this considerable advance in the rate of payment, and indisputable previous opportunity for making its case good, the Grand Trunk protested as vehemently against the Order in Council of August 1863, as ever it had done against that of September 1858.

In the Post Office Memorandum dated 30th ultimo, the comparison between a Postal Railway rate and the payment by the Express Companies, was not pressed, on account of the difficulty of obtaining a certain knowledge of the price actually paid by Express Companies for the rental of the car space occupied by them in the trains, but [4] if the Commissioners by examination on oath or otherwise, could obtain exact information on this point, I am of opinion that it would afford valuable material for the formation of a judgment on the Postal rate question; for the two services, the Express and the Post Office, in their relations with the Railways, are in Canada almost identical as regards the various points that go to make up the Post Office service by Railway, such as extent of car space, use of Passenger trains, provision for a person in charge, &c.

The difficulty lies of course in the circumstance that besides the features had in common, the Express arrangements with the Railways include an advantage which must largely affect the price paid by the Express to the Railway, but which is never valued or stated separately, in any information which has been had as to the agreements between the parties.

On a rough estimate I should suppose that Express charges to the Public might be made up somewhat in this way :

Average charges of collection and delivery, salaries of messengers, Superintendence, &c., &c.....	45 per cent.
Average payment for Railway conveyance, hire of car space.	10 “
Allowance for risk, profit, &c., &c.....	45 “

100

and that the full sum paid by the Express to the Railway includes besides the 10 per cent estimate for the rental of the car space, at least an additional 15 per cent as the Railway share of the general profit realized by the Express from its business, as a consideration for relinquishing to the Express the carriage of light parcels, &c., and securing it practically from competition in its general business.

This estimate would give the Railway 25 per cent on the gross charges of the Express. When the Express business was first commenced in the United States, we are told that the payment to the Railway was one third of the gross charges.

It has been said that this additional 15 per cent or whatever the amount may be, is in fact as much the earning of the Railway car space, hired by the Express, as the first 10 per cent estimated as paid for the actual car rental, and that the whole 25 per cent is no more than the measure of what the hire of the car space is worth for this *or any other purpose* ; but this view of the case puts out of sight that the Railway could not earn this additional 15 per cent by its own action, nor without burthening its system with all the appurtenances for collection and delivery of packages, &c., required by the Express Company for the management of its business.

Moreover if the Railway did not give to the Express Company something more than the specified amount of car space and the earning capabilities belonging to it, the Railway might still seek to earn this 15 per cent in some other part of the train.

But it is clearly the obligation on the part of the Railway that it will not do this, with the concomitant assurance against competition which this obligation gives to the Express Company, that constitutes to the latter perhaps the most valuable feature in the bargain.

I have the honor to be,

Sir,

Your most obedient humble servant,

W. H. GRIFFIN,
Dept. P. M. Genl.

The Honble.

W. H. BLAKE,

&c., &c., &c.

Railway Postal Commission.

APPENDIX No. 2.

MINUTES OF EVIDENCE.

22nd February, 1865.

C. J. BRYDGES, Esquire, Managing Director of the Grand Trunk Railway Company, sworn and examined.

BY THE CHAIRMAN :—

1. Are you Managing Director of the Grand Trunk Railway Company?

I am.

2. Is it a single track throughout?

Yes.

3. With the present goods traffic, would you be obliged to keep the road open during the night?

Not necessarily;—not unless we were compelled to run passenger trains at night.

4. Since the road was opened, you have always run freight trains at night, have you not?

There always have been trains running at night, more or less, on some portions of the line, since I have been connected with the line.

5. How many freight trains run at night at the present time?

From Sarnia to Toronto there is but one freight train, which leaves Sarnia at 7.30 P. M., and arrives at Toronto at 11 A. M., following morning. From Toronto to Sarnia two freight trains leave, one at 8.15 P. M., reaching at 11.35 next morning, the other leaving at 10.10 P. M., reaching at 3 P. M. From Toronto to Montreal three, one leaving at 2, at 5.45, and 11.30, each P. M., reaching Montreal next night and the following morning. According to the present time tables there will be twelve freight trains on the road at night between Toronto and Montreal. Between Montreal and Quebec there is at present no freight train on the road during the night; but for the passenger train, the road would be closed at night.

6. Are the present night trains between Montreal and Quebec exclusively passenger trains?

They are.

7. The present trains between Quebec and Rivière du Loup are all mixed trains?

Yes, and they are run by day exclusively.

8. How long have you been Managing Director?

For nearly three years.

9. State the manner in which the passenger trains have run between Toronto and Quebec, since you have been Managing Director?

They have run as below :

IN JANUARY 1863 AND PREVIOUSLY.

Leaving Toronto.. .. .	7.30 A. M.
Arriving at Montreal.....	11.40 P. M.
Leaving Montreal.....	7.30 A. M.
Arriving at Quebec	4.00 P. M.

Leaving Quebec.	11.30 A. M.
Arriving at Montreal.....	8.45 P. M.
Leaving Montreal.....	8.15 A. M.
Arriving at Toronto.....	12.30 A. M.

IN MAY 1863 AND SUBSEQUENTLY.

Leaving Toronto.....	6.30 A. M.	5.30 P. M.
Arriving at Montreal.....	10.30 P. M.	9.30 A. M.
Leaving Montreal.....	10.10 P. M.	2.00 P. M.
Arriving at Quebec.....	8.05 A. M.	
Arriving at Island Pond.....	5.15 A. M.	9.45 P. M.

Leaving Island Pond.....	6.00 A. M.	10.00 P. M.
Leaving Quebec.....		7.30 P. M.
Arriving at Montreal....	1.30 P. M.	6.45 A. M.
Leaving Montreal	8.15 P. M.	8.00 A. M.
Arriving at Toronto.....	12.50 P. M.	12.00 P. M.

10. State the average earnings per mile of the passenger trains according to the last half yearly statement.

I cannot state that, as I cannot say what proportion of the passengers go by the mixed trains.

11. There would be no difficulty in obtaining a return which would shew that?

No—by directing returns of passengers by mixed trains to be kept separately.

12. Are there any data in your office from which that could be computed for the past?

There are not.

13. Dividing the mileage of the mixed trains, as you suggest, and allowing one-third for passengers and two-thirds for freight, what will be the respective average earnings of the passenger and freight trains per mile?

The average earnings of the passenger trains would be about \$1.12 per mile, and of the freight trains about \$1.44.

14. Is that as near an approximation to the earnings of passenger and freight trains as you can suggest?

It is.

15. What is the total average cost per train per mile run, according to the last half-yearly statement?

About eighty-six cents per train mile run, including the renewals of permanent way, and about seventy-eight cents, excluding those renewals.

16. Can you state the net earnings of passenger, freight, and mixed trains, separately?

I can only do it by approximation, dividing the mileage of the mixed trains as before. According to that division the net earnings of the passenger trains would be about twenty-six cents per mile, and of the freight trains about fifty-eight cents; this is as near as I can give it, but it is not entirely accurate.

17. The average cost per mile already stated includes the cost of the night hands?

Yes; it includes every charge.

18. Have you a separate staff of hands for night and day?

On those parts of the road where there are night trains we have separate sets of hands at the stations.

19. Are the night hands paid at a higher rate than the day?

No they are shifted week about. At nearly all the stations between Sarnia and Quebec, we have separate sets of hands for night and day.

20. State the average cost of locomotive power per train mile run, according to the last half-yearly statement.

About twenty-seven cents a mile.

21. The cost of locomotive power is greater in the case of freight trains than in that of passenger trains?

I think not, in this country.

22. It is so stated by Major Harness, in his examination before the House of Commons Committee of 1854.

I do not think Major Harness's calculation would prove correct in this country where the circumstances of climate &c., are so different, the average already stated would be about correct as applied to passenger and freight trains.

23. What is the average number of cars in a passenger train?

Five. Three passenger cars, a Post Office car, and an extra baggage car. The space left in the Post Office cars not being sufficient for all our baggage, between Montreal and Toronto we are obliged to run an extra baggage car.

24. What is the average weight of a passenger car and a post-office car?

They are, I think, about the same, thirty thousand pounds each; but I will ascertain the exact weight.

25. What is the average speed of a passenger train?

It varies, being different in summer from what it is in winter. It is nearly twenty-four miles an hour in summer, and about twenty-one in winter, including stoppages, in both cases.

26. As your trains are at present constituted, there is nothing in the addition of the post-office car to prevent your running at the speed just mentioned?

No.

27. Is there any difference in the cost of day and night service, where the road is of necessity kept open during the night?

There is. The stations require to be lighted and heated, there is a greater danger of accident, and the signals require to be lighted.

28. The road being open for freight traffic during the night, does the running of a passenger train involve greater expense than running by day?

It does. It involves the keeping of the stations open, heating and lighting them, which would not be necessary for freight trains.

29. Can you give an idea of the average increase of expense?

No. I have made no calculation respecting it.

30. Mr. Rowland Hill in his answer to question 4165, expresses an opposite opinion as follows:—"No; the difference is not, perhaps, material, unless the line would be closed at night but for the circumstance of the Postmaster General

requiring that a night train should be run. The night police would then have to be brought on, and other expenses necessarily incurred."

I do not agree with him.

31. Mr. Allport, the Manager of the Midland Railway, in his answer to question 3321, attributes the increased cost to increased wages.

Looking at the circumstances of this country, I do not agree with him.

32. You refer in your memorandum to the high price paid for Postal Service to the Great Southern and Western Railway in Ireland, and attribute it to the absence of comparatively so large an amount of passenger business; do you think the great price paid mainly attributable to that cause?

I think it is a strong element, but I am not prepared to say that it is the main reason.

33. What in your opinion is the main reason?

I am not able to divine the reasons that actuated the umpire in coming to his decision.

34. Capt. Huish in his answer to question 3079, says: "I can easily explain why a high award is given. The line is kept open from five in the evening, till nine the next morning for Post Office purposes."---Do you think that the real explanation of the high price paid to the Great Southern and Western?

I dare say it is correct and formed an element in the case, in the same way that I have already stated the paucity of passengers did.

35. Are you aware what the same Railway receives for carrying the mails by day?

One shilling per mile.

36. At the time of the Inquiry before the House of Commons Committee in 1854, most of the Irish Railways were closed during the night, were they not?

Yes, I believe so; but at present the Irish Railways are used for freight trains during the night, yet the rate of payment by the Post Office has not decreased.

37. Are you aware that the same service was preformed by other Railways, at the same time, for a much less price?

I am not aware.

38. In England no great difficulty is found, I believe, in determining the amount to be paid for carrying the mails, by a Company's ordinary trains?

Not so much as for notice trains; the Companies and the Post Office generally agree without much difficulty as to the carriage of mails by ordinary trains.

39. Mr. Page in his answer to question No. 3913 (Committee of 1854-5) says: "I know of no case in which we have gone to arbitration for fixing the sum to be paid to a Company for the use of all their trains;" does this agree with your experience?

I believe he is correct.

40. When the Post Office uses the ordinary trains of a Company in England the charge is, I believe, very low?

It is variable, but it is in many cases low. I know of no instance in England when an agreement has been made between the Company and the Post Office to carry mails by all their ordinary trains without its being at the same time agreed that one of those trains should be a night train, run at such hours as the Post Office would give a notice for, if it was not agreed to be run.

41. Sir Rowland Hill says in answer to question 92, (Committee of 1855) "We pay that Company six pence a mile for a service which would be obtained in England for about three pence,"---I should conjecture from this that the usual

price paid in England by the Post Office for the use of a Company's ordinary trains would be three pence a mile ?

Looking at a return made to a select committee of the House of Commons in 1854, I find that the rate of payment is from two pence to ten pence. These charges are made for the carriage of closed bags in the Railway Company's own van, in charge of their own servants, and are not a charge for carrying mail matter in a special mail car with Post Office attendants.

42. The difficulty of determining the price to be paid arises where Trains are put under notice by the Post Office, that is, are specially run for Post Office purposes ?

It is then that difficulty arises.

43. Prior to the order in Council of August 1863, there was no order in Council which in any way interfered with the Trains run by the Grand Trunk Company ?

There was not ; but prior to that period we regulated our trains to suit the convenience of the Post Office Department.

44. Will you furnish the time-tables from September 1858 to August 1863 ?
I cannot, as they have not been preserved.

45. The first communication from the Post Office Department to the Company bears date the 28th August 1862 ;---can you speak of any alteration in the trains of the Company to suit the wishes of the Post Office Department prior to that date.

I cannot, as I had nothing to do with the Company until March 1862.

46. Can you state what alterations were made in the trains in compliance with that letter ?

The trains remained unaltered in their general arrangements until May, 1863 ; they were not altered to meet the requirements of the Post Office Department till then.

47. You rely in your Memorandum, page 26, upon a letter from the Deputy Postmaster General, dated 11th December, 1862, requiring the Company's trains to be run more in accordance with the public convenience ;---did not the Company refuse to alter its trains in compliance with that letter ?

We did---except upon being paid for it.

48. When in fact did you make any alteration in the trains to suit the convenience of the Post Office Department ?

In May, 1863.

49. Was the alteration so made in May, 1863, made in pursuance of a requisition from the Post Office Department ?

Not any requisition in writing, but in pursuance of frequent personal discussions between myself and the Postmaster General, Mr. Foley, and the leader of the government, Mr. Sandfield Macdonald. They asserted the right of the Post Office Department to have trains run to suit the Post Office which I was always ready to run upon fair payment being made. The result was that I agreed to put in force the time-table of May, 1863, and they promised that the question of the payment to be made should be settled by the government without delay.

50. Then there was no Order in Council and no written requisition from any body to the Company requiring them to alter their trains up to May, 1863 ?

No.

51. When were the trains altered ?

On the eighteenth of May, 1863.

52. What was the alteration then made ?

The changes made in May, 1863, were that a train was put on between

Montreal and Quebec, at night, each way, to run in connexion with the day trains between Toronto and Montreal, and that a night train was also put on between Toronto and Montreal, each way.

53. The alteration made on the 18th May, 1863, has practically continued to the present time ?

Yes. No alteration was made in consequence of the order in Council of August, 1863.

54. Do you mean to represent that but for the requests and promises made as you have stated in April or May, 1863, the alterations which you made would not have taken place ?

Certainly.

55. Did you consider the alterations then made beneficial to the Company, or otherwise ?

I consider they were injurious to the Company, and I would not have made them, were it not for the request and promises of the government.

56. Do you think that trains between Toronto and Quebec, broken at Montreal, in the way described, (that is, remaining there over night,) would suit the passenger traffic of the Company as well as the present arrangement ?

Undoubtedly. If I were not hampered by the requirements of the Post Office Department, I should run day trains only between Toronto and Montreal, and Montreal and Quebec.

57. Your passenger traffic has very much increased since you became Managing Director ?

Yes. The number of passengers for the half year ending June, 1862, was 331,277 ; for the half year ending June, 1864, there were 523,284.

58. Can you state the proportion between through and local passengers ?

The increase of through passengers for the period above stated has been about 43,000, and for local passengers about 147,000.

59. Do you not think that a change to the system which prevailed between January and May, 1863, would be injurious to so large a passenger traffic as you have described ?

It would not. I would make the change to-morrow were it not for the Post Office Department.

60. Were there any alterations made in the trains West of Toronto, in accordance with the requisition of the Postmaster General and Mr. Macdonald, in May, 1863 ?

A double service between Toronto and Sarnia, to meet the double service between Toronto and Montreal, was put on.

61. Was that change made to suit the Post Office, or your own passenger traffic ?

Not exclusively to suit the requirements of the Post Office.

62. Irrespective of the request of the Postmaster General and Mr. Macdonald, would you have made that change for the purposes of your own passenger traffic ?

Not to the same extent that it was made.

63. Are you clear that the request of the Postmaster General and Mr. Macdonald, extended to that portion of the road West of Toronto, as well as to that East of Toronto ?

I am.

64. Are you aware whether there was a double service over the Railway prior to September, 1858 ?

I cannot say. The statement on page 22 of my Memorandum refers only to that portion of the road between Montreal and Island Pond. I am informed that

there was but a single service on that portion of the road, except that during two or three months there was a second service to suit the pleasure traffic between Montreal and the White Mountains.

65. You state in your Memorandum that there was a minute of the Board of Directors of the Grand Trunk Railway Company offering to perform the Post Office service, for \$110 per mile ;---what was the service to be performed for that sum ?

There was such a minute, and notice of it was given by Sir Cusack Roney, then the Managing Director, to the then Post Master General, as will appear by the copy of the letter now produced by me, marked B. That was for the conveyance of mails by such trains as the Company might happen to be running :

“ [COPY,]

“ 18th August, 1853.

“ SIR,

“ I am desired by the Board of Directors of this Company, to inform you that they had under their consideration at their meeting held at Quebec yesterday, the subject of the charge to be made for the conveyance of Mail Bags on the several sections of this Railway. I am also desired to state that they are willing to enter into an engagement with you to convey by any or by all of the ordinary trains of the Company such Mail Bags as the Post Office Department may require, and to take by each Train carrying Mails, a Post Office Conductor, for the sum of twenty-seven pounds ten shillings per mile, per annum, such rate to commence from the date that you may require mails to be conveyed on each section of the Line as it is opened for Traffic. The Mail Bags to be receivable and deliverable on the platforms of the Company's Depots.

“ I have the honor to be,

“ Sir,

“ Your very obedient servant,

(Signed,) C. P. RONEY,
Managing Director.

“ To the

“ Honorable MALCOLM CAMERON,

“ Postmaster General, Quebec.”

66. In an account furnished by the Grand Trunk Railway Company on the 11th October, 1861, the service between Rivière-du-Loup and Point Levy was a single service, it is charged at the rate of \$55 the mile ;---can you account for that ?

I cannot ; there must have been some mistake in the account.

67. Were not the accounts of the Grand Trunk Railway Company rendered to the Post Office Department at the rate of \$110 per mile, up to October, 1861 ?

Yes ; but I cannot tell what the service rendered for that was.

68. Can you ascertain what the service was ?

I do not believe it would be possible to do so, the time-tables not having been preserved.

(*Examination of Mr Brydges resumed.—23rd February, 1865.*)

69. In your answer to question 19 you say that at nearly all the stations between Sarnia and Quebec, you have separate sets of hands for night and day ;--- Is that correct between Richmond and Quebec ?

That is not quite correct as to the portion of the road between Richmond and Quebec ; there are nine intermediate stations between those points, and there is an extra staff of hands at three of them, not at the other six.

70. In your answer to question 60 you say a double service between Sarnia and Toronto was put on to meet the double service between Toronto and Montreal ;---It is not true that the night train from Sarnia to Toronto was never used by the Post Office ?

I am informed that it has been used most of the time for the carriage of bags, but not for a distributing car. In the discussions prior to the changes in May, 1863, the Postmaster General urged the change of service, as it was then arranged west of Toronto, in order to give the section the advantages of a night mail service and with a continuous service for mail matter to and from east of Toronto.

71. Prior to this change in May, 1863, was there a single or a double service between Toronto and Sarnia ?

The change west of Toronto was made some two months prior to May, 1863, and during that time there was a double service, but I cannot say what use the Post Office made of it.

72. What use did the Post Office make of the trains during that period ?

I cannot tell precisely what use was made of them during those two months.

73. What was the Post Office service prior to the change in 1863, on that portion of the road ?

There was a through morning train each way between Toronto and Sarnia. That train carried through bags from Toronto, and in addition a Post Office car from St. Mary's to Sarnia, both ways. There was besides an accommodation train between Toronto and London, leaving Toronto usually between 3 and 4 in the afternoon, and London early in the morning, which had a distributing car both ways.

74. The through passenger train from Toronto westward never had a distributing car except from St. Mary's to Sarnia ?

I cannot say it never had ; my impression is that for a portion of the time there was a distributing car, but I am not positive about it.

75. Can you describe the present Post Office service west of Toronto ?

I cannot, but I will obtain the information in the course of the day.

76. If the Post Office did not require a night train from Toronto westward, do you mean to say that you would not run that train for the accommodation of your passenger traffic ?

Certainly not, and if the Post Office does not require it, I will take it off to-morrow.

77. Apart from the Post Office requirements, would you run a double train now, between Montreal and Toronto ?

I would only run one train each way daily between Montreal and Toronto. I would not run a double train, nor a train at night. This would involve breaking the journey at night both at Toronto and Montreal, and, using my own judgment for the interests of the Company alone, that is the way in which I would arrange the trains.

78. Are not all the passenger trains, as at present arranged, run at a profit ?

I am not prepared to say that any of the trains are run at a loss ; but I am

confident that the receipts would not be materially diminished, while the expenses would be considerably lessened, by running a smaller number of trains.

79. In your Memorandum at page 22 you say: "in September, 1858, it now appears that the then Postmaster General made a report to Council, suggesting an alteration in the rate of payment, but without either communicating with the Company upon the subject, or entering at any length in his report into the reasons which induced him to propose such changes."---Is it not true that prior to the order in Council of September 1858, frequent communications were had between the Post Office Department and the Officers of the Grand Trunk Company, relative to the proposed change?

I cannot speak of my own knowledge, but I am informed that there was not any, and there is no record in the office of the Company which shews that there was any correspondence upon the subject.

80. Adverting to the statement in the Deputy Postmaster General's Memorandum as follows:

"Nevertheless, so far from the Railways having had no opportunity previous to September, 1858, of stating their case to the Government, the discussions between the Post Office, on behalf of the Government, and the Railways, on the question of what should be the Postal rate, were long and frequent, and it was not until every effort to come to an agreement by discussion with the principal Railways interested, had apparently been exhausted, that the differences in opinion between the Railways and the Post Office as to what the Postal rate should be, were submitted to the Governor in Council as irreconcilable, and the Council invoked to use the power, vested in it by the Statute, of fixing the Postal Railway rates.

"The Postmaster General was authorized by the Post Office Act (Con. Stat. p. 369,) to contract with Railways for the conveyance of the Mails, and would have preferred to have made arrangements under this power, based on mutual agreement as to rate of payment.

"The Post Office in discussing the question of rate with the Railways, took, from the first, the position that the Government should not be called upon to pay more for the accommodation it had for the Mails in a train, than would be charged by the Railway to any other customer for a like measure of accommodation, but the Grand Trunk and Great Western Railways persistently refused to accept any settlement of the question on that basis, or to go into any comparison of their ordinary traffic rates or earnings, with the rates the Post Office was disposed to agree to. The Railways maintained that the service performed in the carriage of the Mails was too valuable to the Post Office to be measured by any such standard, and claimed to say, not what the service was worth as calculated from the cost of performing it, but simply what they were willing to name as the price they would accept for the use of such of the trains running for traffic purposes as might suit the wants of the Post Office.

"These discussions, renewed at frequent intervals, lasted through four years without coming to any definite conclusion.

"The Post Office maintained that the position taken by the Railways was unsound, and might have served equally well to justify a demand for \$500 a mile per annum as for \$100 or \$110, but the Railways refused to move from it, and restricted their case to the demand of \$110 per mile per annum from the Grand Trunk, and \$100 per mile from the Great Western.

"As the Railways refused to assist in ascertaining what the Railway Postal rate should be, upon the only basis which appeared to the Post Office to be capable of yielding a result which would operate justly for both parties, the Post Office was driven to make the calculation for itself, from such information as it

could collect,"—are you enabled to state whether that is a true representation of the facts as they occurred?

That is one of the questions which as a matter of fact is entirely at issue between the Company and the Post Office Department, and I repeat that I have been entirely unable to find any trace of any correspondence upon the subject with the Grand Trunk Company, and I desire to add that I was connected with the Great Western Company from the time of its opening until after September, 1858, and that whilst acting for that Company, I had no discussions, interviews or correspondence with the Post Office Department with reference to there being any intention to fix rates of payment in September, 1858, and no intimation of any order having been passed upon the subject at all was ever communicated to me up to the time that I left the service of that Company in the beginning of 1862.

81. In your answer to the last question you seem to confine yourself to official notices and correspondence; I wish, beyond these, to know whether unofficial discussions did not take place between the Post Office Department and the Railway Companies, Grand Trunk and Great Western, as to a change in the rates that had been theretofore paid, and the amounts to be paid in future; I wish to know in fact whether those Companies had not a fair opportunity of presenting to the Government or the Post Office Department their views as to the amount that should be paid?

I cannot of course speak of my own personal knowledge in the case of the Grand Trunk, I can only say in that matter what I have been informed, but in the case of the Great Western, which is the second largest railway in the Province, I can speak positively. No discussions of any kind took place between that Company and the Post Office or the Government. They had no knowledge that the matter was to be or being discussed, they were not called upon to make any statement, or to lay their views before the Government; they had no notice that the Order in Council was passed, and they were not aware of it for several years afterwards. And so far as my information goes, the Grand Trunk Company was in the same position.

82. The Deputy Postmaster General states that prior to 1858, the Department being dissatisfied with the amount claimed by the Great Western Company, he proceeded to Hamilton on two different occasions for the purpose of discussing with you the amount to be paid, and did discuss on both occasions without being able to come to any agreement;—have you any recollection of those interviews? (*Mr. Brydges wishes it added that Mr. Griffin when this question was being put to him, stated that the interviews took place, he believed, during the years 1856 and 1857,---and such is the fact, although the dates were not included in the question.*)

The dates given by Mr. Griffin are so indefinite, that it is impossible to recall conversations assumed to have taken place in such a way. I have seen Mr. Griffin on several occasions in Hamilton, the number and times of them I cannot state, but I have no recollection whatever of any interviews specially for the purpose of discussing and arranging the rate of postal payment. If such had been the case, and I had been informed that the Government were about to take the question up to settle it, I should have failed in my duty if I had not put officially in writing the claim of the Company for the payment of the Mail Service.

83. Mr. Griffin, the Deputy Postmaster General in his second Memorandum states:—"However the government in 1863, moved by the constantly re-iterated complaints of the Grand Trunk, and in consideration, probably, of what had previously been done to re-open the question, consented to re-consider the case of the Grand Trunk, and after a full hearing of all that the Grand Trunk at that

time desired to urge, (a Committee of the Executive Council having been appointed to confer with the Grand Trunk representatives on the subject,) and the reception of a very elaborate Report from the then Postmaster General (Hon. Mr. Mowat,) passed an Order in Council, dated 12th August, 1863, making the rate to be paid thereafter to the Grand Trunk as follows ;”---had the Grand Trunk Company a fair opportunity of representing its views to the Governor in Council before the order dated the 12th of August, 1863, was made ?

The Grand Trunk Company had not an opportunity of laying their case before the Governor in Council at that time ; the Company was never made aware, until the fact was stated in Mr. Griffin’s Memorandum just read, that a committee of the Council had been appointed to confer with the Company upon the subject, and as a matter of fact I, as representing the Company, never met any such Committee. I had considerable discussion personally with the Postmaster General the Hon. Mr. Mowat, in which I pointed out to him the unfairness of his sitting in the double capacity of advocate for his Department, and judge upon the matter. I supplied Mr. Mowat with all the information asked for and we had many discussions in endeavoring to arrive at an agreement upon the rate to be paid. I understood that he would not make any report upon the matter unless we did agree and I was surprised therefore to get, in August 1863, a copy of the Order in Council that had been passed ; it was not for many months afterwards that the report became public or was known to the Company. As soon as the Order in Council reached me I gave Mr. Mowat notice in writing that the Company protested against the decision that had been arrived at and that application would at once be made to the Attorney General for his permission to file a Petition of Right to have the whole subject referred to the legal tribunals of the Country. That petition was subsequently prepared by Mr. Hillyard Cameron, but the Attorney General refused to give his consent.

84. Were you at any time prior to the meeting of this Commission called upon to state the amount which the Grand Trunk Company claimed for the service rendered by it to the Post Office Department, and to support its claim by such evidence as it might deem expedient ?

There never was any judicial inquiry into the matter ; there have been frequent discussions and correspondence with the Post Office Department, as is shewn in the Blue-books that have been published upon the subject, but until the present commission was appointed there has never been any such investigation as is now taking place. I now produce the original of the petition of right dated 1st of October 1863 ; and the following clause in that petition---which states : “ Your Petitioners humbly represent to Your Majesty that under the statutes of the Province of Canada, relating to postal service on Railways, the Governor in Council in making any decision upon the remuneration to be allowed to any Railway Company, act as a judicial body, and cannot and ought not to make any *exparte* order on judgment without giving to any Railway Company interested in such decision, an opportunity of adducing evidence, and being heard on the subject of such remuneration. That the said Orders in Council lastly and firstly mentioned were so made *exparte*, and without notice to Your Petitioners, or any opportunity being afforded them of appearing or giving evidence before the said Governor in Council, and ought therefore to be annulled, and set aside.”---represents truly the position in which the Company felt itself to be placed.

85. Prior to September, 1858, the amount demanded by the Grand Trunk Company for the use of its ordinary trains was one hundred and ten dollars per mile ?

Yes.

86. That amount was fixed by an order of the Directors of the Grand Trunk Company of the 17th August 1853 ?

Yes.

87. Did the Government assent to that order ?

I consider they did.

88. Was there any written assent ?

There was not any to my knowledge ; but the minute of the 17th August, 1853, was communicated in writing to the Postmaster General the next day, was not objected to, the accounts were sent in at the rate of one hundred and ten dollars a mile in accordance with that letter, and that rate was actually and in fact paid, up to a date beyond that of the Order in Council of 18th September 1858.

89. Were the accounts of the Grand Trunk Company regularly furnished to the Post Office Department ?

They were furnished regularly up to October 1861, with the exception of one quarter for which an account appears not to have been furnished. There have been no accounts furnished since October 1861, because the arbitration was then proposed and commenced.

90. Were those charges objected to by the Government or were they paid in full ?

They were not paid quarterly as rendered ; payments were made from time to time of various sums on account. There is no evidence in the Grand Trunk Company's Offices of any objections having been made to the accounts by the Post Office Department as to the correctness of the accounts which were rendered every quarter, and they were subsequently paid as rendered up to the 5th October 1858.

91. It is alleged that the Government never agreed to the charge of one hundred and ten dollars per mile, that that amount was not paid until December 1860, when the account to October 1858 was closed by a payment at the rate of \$110 a mile, by direction of the Government, and the claim of \$110 a mile was then for the first time sanctioned as an act of grace. Do you assent to that allegation ?

No. I submit that the receipt by the Postmaster General of an official letter dated 18th August 1853, stating the terms upon which the mails would be carried, without any reply from him objecting to the agreement contained in that letter, and the fact that the mails were actually carried on the Railway in accordance with the terms of that letter, so far as the Company were concerned, and the further fact that the Government received accounts from the Company, without objecting to them, at the rate mentioned in such letter, constitute a contract between the parties, which at any rate was binding until notice was given of its termination.

92. When had the Grand Trunk Company first knowledge of the Order in Council of the 18th September 1858 ?

On the 22nd February 1861.

93. The Company claimed \$110 a mile up to October 1861 ?

No. The Company claim at the rate of \$110 a mile up to 22nd February 1861, and since that date they claim such amount as they may shew that the service is properly worth.

94. You state in your Memorandum at page 17, that the payments of the English Government to the British Railway Companies had increased since 1854. The Deputy Postmaster General states on the other hand that the average rate has fallen in the United Kingdom from eight pence halfpenny, which was the average rate in 1854, to six pence three farthings in 1862.---Can you

speak as to the accuracy of the Deputy Postmaster General's statement?

I am not prepared to state.

95. Are you acquainted with the nature of the service performed for the Post Office by the Railways in the United States, and with the payments made for that service?

Yes.

96. You state at page 23 of your Memorandum, "that, in the United States, "the distributing mails are carried upon one train, stopping at each station, and "which distributes the mails upon the way in a car specially fitted up for the "purpose; that is the only distributing car that is run upon any American "railway; it is only run once each way during the day time, and it is for that "service that the rate of payment is made." Does that appear to you now an accurate representation of the nature of the service performed and of the payment for it?

It does.

97. Has your attention been ever called to the service performed by the New York and New Haven Company? Can you state the amount of service performed by that Company?

No, I cannot.

98. This is one of the roads mentioned in your memorandum at page 20?

Yes.

99. The paper now produced marked C, is the general form of contract in use in the United States?

It is.

(" COPY.)

" UNITED STATES OF AMERICA.

" CONTRACT FOR RAILROAD MAIL SERVICE.

" No. 942. \$28,625 per annum.

" This Article of Contract, made the seventeenth day of October, in the year one thousand eight hundred and sixty-one, between the United States of America, (acting in this behalf by their Postmaster General) and the New York and New Haven Railroad Company, by G. B. Carhart, its President, and G. B. Carhart and George N. Miller, as sureties :

" Witnesseth, that, whereas the said Railroad Company has been accepted, according to law, as Contractor for transporting the Mail on Route No. 942, from New Haven, Connecticut, by West Haven, Milford, Stratford, Bridgeport, Fairfield, Southport, Westport, Sangatuck, Norwalk, South Norwalk, Darien Depot, Stamford, Miamus, Greenwich, Port Chester, N. Y., Rye Mamaroneck, New Rochelle, East Chester, West Farms, Harlem and Yorkville to New York and back, twice daily, except Sunday, and daily by Railroad, and by Schedule annexed, at twenty-eight thousand six hundred and twenty-five dollars per year, for and during the term commencing the first day of August, in the year one thousand eight hundred and sixty-one, and ending with the thirtieth day of June, in the year one thousand eight hundred and sixty-five. Now, therefore, the said New York and New Haven Railroad Company, as Contractor, and the said G. B. Carhart and George N. Miller, as sureties, do jointly and severally undertake, covenant and agree with the United States, and do bind themselves :—

" 1st. That the mail (including British, Canada, and other foreign mails) shall be conveyed in a secure and safe manner, free from wet or other injury, in

a separate and convenient car, or apartment of a car, suitably fitted up, furnished, warmed and lighted, under direction of the Post Office Department, and to the satisfaction of the Postmaster General, or of his authorized special agent, at the expense of the Contractor, for the assorting and safe-keeping of the mails, and for the exclusive use of the Department and its mail agent, if the Department shall employ such agent; and such agent is to be conveyed free of charge. When there is no agent of the Department, the Railroad Company shall designate a suitable person, upon each train, to be sworn, to receive and take charge of the mails, and of way-bills accompanying and describing them, and duly deliver the same. And the mail shall be taken from, and delivered into the Post Offices at the ends of the route; and also from and into the intermediate offices, provided the latter are not over one-quarter of a mile from a depot or station.

"2nd. That if the Company shall run a regular train of passenger cars more frequently than is required by the contract to carry the mail, the same increased frequency shall be given to the mail, and without increase of compensation, and the like as to the increased speed of the mail trains, if desired by the Postmaster General.

"3rd. That the Company shall convey, free of charge, all mail bags and Post Office blanks; and also all accredited special agents of the Department, on exhibition of their credentials.

"4th. That the Company shall not, by itself, nor by its agents, transmit, or be concerned in transmitting, commercial intelligence more rapidly than by mail, nor carry out of the mail letters and newspapers which should go by post, except letters in stamped envelopes, and letters of the officers of the Company, exclusively on the business of the road.

"5th. That in every case of failure to perform the trip, (unless it is shown that the same was not caused by misconduct, neglect, or want of proper skill,) there may be a forfeiture of the pay for the trip; and a failure to arrive at the end of the route, so as to lose the connection with a depending mail, shall be considered as equal to a whole trip lost, unless the detention or delay be the result of unavoidable causes.

"6th. That the Company shall be subject to fine for failure to take or deliver a mail, or any part of a mail; for suffering the mail to be wet or otherwise injured, or lost, or destroyed, unless it shall appear that such failure, or other incident as aforesaid, was not caused by misconduct, neglect, or want of proper skill on the part of the Company or its officers.

"7th. That the Company shall be answerable for the adequacy of the means of transportation; for the faithfulness, ability, and diligence of its agents; and for the safety, due receipt, and delivery, as aforesaid, of the mails.

"8th. That the Postmaster General may dispense with the service entirely, if required by the public interest, he allowing one month's extra pay upon the amount deducted, or he may annul the contract without making such allowance, for repeated failures of the Contractors to perform any of the stipulations of the contract, for violating the Post Office law, or disobeying the instructions of the Department.

"9th. The said *United States* covenant with the said Company to pay, as aforesaid, at the rate aforementioned quarterly, in the months of May, August, November and February, or in the preceding months, at the option of the Department.

"Provided, always, that this contract shall, in all its parts, be subject to the terms and requisitions of an Act of Congress, passed the twenty-first day of April, in the year one thousand eight hundred and eight, intituled: 'An Act concerning public contracts.'

"In witness whereof, the said Postmaster General has caused the seal of the Post Office Department to be hereto affixed, and has attested the same by his signature, and the said Railroad Company by its _____, and their sureties have hereunto set their hands and seals, the day and year set opposite their names respectively.

"Signed, sealed and delivered, by the
Postmaster General, in the presence of—

Postmaster General.

"And by the other parties
in the presence of—

"I certify that the above-named _____ are good and
sufficient sureties for the amount in the foregoing contract.

Postmaster at

" SCHEDULE.

Leave Depot 27th Street, New York,	7 o'clock A. M.	Arrive at New Haven at	10.20 A. M.
Leave " " " "	8 " " "	Arrive " " "	10.45 " "
Leave " " " "	12.15 " P. M.	Arrive " " "	3.15 P. M.
Leave " " " "	3 " " "	Arrive " " "	5.50 " "
Leave " " " "	3.50 " " "	Arrive " " "	7.10 " "
Leave " " " "	8 " " "	Arrive " " "	11.10 " "

" TRAINS TO NEW YORK.

Leave New Haven at	2.05 A. M.	Arrive at Depot 27th Street, New York, at	4.50 A. M.
Leave " " "	6.45 " "	Arrive " " "	10 " "
Leave " " "	2.05 P. M.	Arrive " " "	4.45 P. M.
Leave " " "	4.30 " "	Arrive " " "	7.30 " "
Leave " " "	7.45 " "	Arrive " " "	10.25 " "

"The above schedule subject from time to time to such changes as the interest of the Railroad Company and the Post Office Department may require, always preserving connections."

100. The service performed by the New-York and New-Haven Road as stated in that contract does not agree with the statement in your memorandum above referred to, does it?

I think it does.

101. What is the service provided for by that contract?

I think it only provides for a single daily service.

102. You understand that to mean, with a distributing car?

Yes.

103. What is provided for by the contract beyond the service with the distributing car?

The carriage of mails in bags by the trains set out in the Schedule and any other trains that the Company may run.

104. How many trips are mentioned in the Schedule?

Six one way and five the other.

105. Do you understand that the Railway Company is bound to run all those trains as stated in the Schedule until altered by consent of the Post Office Department?

I do not.

106. Do you consider the Company bound under that contract to run the six trains one way and five the other at some hours of the day ?

I do not.

107. Do you consider the Company bound to carry mails by all their trains ?

Yes.

108. Have you an idea what proportion of the mails going by the New-York and New-Haven Railway are carried by the distributing car ?

I have not.

109. It is stated by the Deputy Postmaster General that the mails by the distributing car would form an insignificant portion of the whole mail, probably not more than five or ten per cent,—can you say whether that is correct ?

I cannot, but I should think it unlikely, for the reason that the distributing car can carry and does carry, through bags as well as local bags, as is the case on the Grand Trunk.

110. Have you any idea of the weight of the mails carried over the New-York Central Road ?

I don't know.

111. Can you give the Commissioners any approximation as to the weight ?

I cannot indeed, I do not know any thing about it.

112. Do you know the car accommodation furnished to the Post Office Department by the New York Central ?

It is a portion of the baggage car.

113. Do you mean that from enquiry made you are able to state that the accommodation given is a portion of the baggage car ?

I have seen several cars on the New York Central, carrying Mails, a portion of which is used for Mail matter and a portion for other purposes. I believe they have some cars which are solely mail cars, but in which the Company very frequently put other things.

114. The enquiry is whether the distributing car does not consist of an entire car, and not a portion of a car ?

With reference to my previous answer, I state that all the distributing cars on the New York Central do not consist of an entire car. There are many that do not.

115. What is the weight of the mail passing along that road ?

I have no idea.

116. You have no idea then of the proportion of the mail carried by the distributing car ?

No.

117. It is stated by the Deputy Postmaster General that the mails sent by the distributing car constitute generally but an insignificant portion of the whole mail matter, being composed altogether of local mails. Are you able to state whether that is correct ?

It is incorrect as a matter of fact. I can state from my own personal knowledge that the train run by the Grand Trunk Railway between Island Pond and Portland, and which is the only passenger train run upon the road, carries in the distributing car the whole of the mails, both through and local.

118. Can you state from your own knowledge what the course is upon other railways in the United States ?

It varies according to the circumstances of each Company ; on those lines where only a limited number of trains is run, the practice is the same as I have already stated ; on those lines where a large passenger traffic exists, and more trains are therefore run, the majority of through bags are carried, I have no doubt, upon those trains upon which a distributing car is not run.

119. Would you say then that the payment made to the New York Central is a payment made for the service it performs with a distributing car, altogether or mainly?

I consider and believe that on the New York Central, and all other Railways in the United States, the distributing car service is the foundation and basis of the payment.

120. That is not an answer to the question. Your Memorandum states, that "the distributing mails are carried upon one train which distributes the mails upon the way, that is the only distributing car run upon any American Railway, it is only run once each way during the day time, and it is for that service that the rate of payment is made."—Is that correct?

I consider it so.

121. Your Memorandum states that the trains with distributing cars are run during the day time;—does that mean that none of the service is performed during the night?

None of the distributing mail service.

122. Are there not trains with distributing cars run through from Albany to Chicago and further west?

No, there are not.

123. You mean to say then, that in no case the distributing car service is performed at night?

I do.

124. The distributing car service is not continuous; it rests during the night, and is performed wholly by day?

Yes.

125. By what route did the main mail go between New York and Chicago, prior to the late passport order?

It was divided. The larger portion went by other roads, but a considerable portion (though not considerable comparatively) went over the Great Western, of Canada.

126. What amount of accommodation did the United States Post Office receive for that service from the Great Western?

The carriage of closed bags in the baggage car with the baggage of through passengers.

127. Had not the United States Post Office a separate compartment for the carriage of their mail bags.

No.

128. Do you know the average weight of mail passing over the Great Western.

I do not.

129. Can you give any approximation to the weight?

I cannot.

130. Was there any definite space assigned to the Post Office for the carriage of the mail bags.

No.

131. What is paid to the Great Western for the carriage of the United States mails from Suspension Bridge to Detroit?

Fifty dollars a mile, and the payment has always been made at that rate. The reason why the Great Western Company carried these mails is because they thought it would be an excellent advertisement for their line as a route for through American passengers; this was considered of such great importance that, when the arrangement was made, the company would have been quite prepared

to carry these mails for nothing, rather than not be able to advertise their line as a United States mail route.

132. The mail between Detroit and Chicago is considerable, is it not?
It is.

(Examination of Mr. Brydges resumed.—25th February, 1865.)

133. With reference to your answers to questions 118 and 119, there is, I apprehend, some confusion in the use of the word “distributing car;” in Canada the word “distributing car” means the travelling Post Office, but in the United States the word “distributing car” applies more correctly, does it not, to the cars from which closed bags are distributed?

I do not so understand it; on the leading American lines they have cars similar in their general arrangement to those on the Canada lines.

134. Do you mean to say that that is universally or even generally so?

I understand it to be generally so.

135. Then in your answer to question 119, when you say: “I consider and believe that on the New-York Central and all other Railways in the United States, the distributing car service is the foundation and basis of the payment,” you meant to say that the service with the travelling Post Office is the foundation of the payment?

Yes.

136. In your answer to question 80, you said: “I had no discussions, interviews or correspondence with the Post Office Department, with reference to there being any intention to fix rates of payment in September, 1858, and no intimation of any order having been passed upon the subject at all was ever communicated to me, up to the time that I left the service of that Company in the beginning of 1862;” Mr. Griffin informs me that he is very clear that you were informed prior to the 18th September, 1858, that the rate to be paid was under the consideration of the Governor in Council, and that you were informed that an order in Council had passed, shortly after it did pass, and certainly long prior to 1862. Can you upon reflection state whether that is not so?

I state distinctly that I have no recollection whatever of having been informed that the matter was to be settled in September 1858. I am equally clear that the terms of that order were never communicated to me, nor to the Great Western Company prior to my leaving its service. I am speaking of course from memory, not having had access to the documents of the Great Western Company. I see in the case of the Great Western Company, dated the 16th of February, that on the 19th November 1858, Mr. Griffin wrote to say that an order had been passed and promised to communicate its contents, but he never did so; it was therefore presumed that the order had not been finally determined upon, from the fact that nothing further had been communicated upon the subject.

137. Did not Mr. Griffin, on the 22nd July 1857, write to you a letter of which the one now handed to you and marked D is a copy?—

“ Copy D.

“ POST OFFICE DEPARTMENT,

“ Toronto, 22nd July, 1857.

“ Sir,

“ In reply to your reference to the question of the terms of settlement for mail service between this department and the Great Western Railway in connection with the adjustment of your account with the Post Office Department of the

United States, I beg to say that though in consequence of no formal decision on the point having yet been made by the Governor in Council for the guidance of this Department under the provisions of the Law, the Postmaster General is not prepared to name the precise sum which will finally be paid to the Great Western Railway for mail service—the rate will certainly not be less than fifty dollars per mile of Railway per annum, indeed the amount already paid on account in anticipation of the final settlement is equivalent to a rate of between thirty-five and forty dollars a mile, and a further payment will shortly be made raising the provisional rate of payment to nearly fifty dollars a mile.”

I am, &c.,

(Signed) W. H. GRIFFIN.

“ C. J. BRYDGES, Esquire,
Managing Director,
Great Western Railway.”

I believe it to be a true copy, and that I received the original. This letter has reference to an application which I made to Mr. Griffin, for the purpose of getting a certificate from him, or the Postmaster General, to enable the Great Western Company to get payment for the conveyance of mails, from the United States Post Office Department. The arrangement with the latter was, that they should pay the Great Western Company \$50 a mile, provided the Canadian Post Office Department paid at least as high as that rate; and this letter had reference to my application to Mr. Griffin to get such a certificate as would enable me to get paid at Washington.

138. Have you a recollection of receiving the letter of which Mr. Swinyard speaks in his case, dated the 19th November, 1858?

I have no doubt I did.

139. Is the letter now handed to you, dated 25th November, 1858, and marked E, your reply?

“ GREAT WESTERN RAILWAY,

“ Managing Director’s Office,

“ *Hamilton, Canada West, 25th November, 1858.*

“ My dear Sir,

“ You are quite right about the New York trains. The only through trains from Suspension Bridge will run from our early morning train, leaving Windsor the evening before, and our Day Express.

“ I hope the Post Office rate is one which we can accept. The charge we have hitherto made is much below what is paid by the American Post Office to their railways, and a strong effort is being made to have the rate increased, as it is proved to be unremunerative to the railways.

“ I am, my dear Sir,

“ Yours very truly,

“ C. J. BRYDGES.

“ W. H. GRIFFIN, Esq.

Yes, this is my writing.

140. Do you recollect that prior to the 29th February 1860, you applied to the Post Office Department for a certificate that \$70 per mile had been fixed by the Governor in Council, as the rate to be paid to the Great Western Company?

I have no recollection of making such an application. I have no doubt that I did apply for a certificate from the Canadian Post Office Department, as in 1857, but I have no recollection of the terms of the application.

141. Did you in fact receive a certificate, dated 29th February 1860, stating that \$70 per mile had been fixed by an Order of the Governor in Council?

I have no doubt I received a certificate which was sufficient to enable me to get paid by the United States Post Office Department, but what the terms of that certificate were I am not prepared to say.

142. Will you look at the paper now produced to you and marked F, and say whether you have any recollection of receiving that certificate?

General Post Office Department,

Quebec, 29th February, 1860.

“ I hereby certify that an Order in Council has been passed, authorizing the payment of ^{seventy}~~fifty~~ dollars per mile to the Great Western Railway Company of Canada, by this Department, for the carriage of Her Majesty's Mails over the said line of Railway, and that such sum at least will be continued, as the allowance per mile to said Railway for the performance of said service.”

“ SIDNEY SMITH,
P. M. G.”

[*Endorsed in pencil : Returned by Mr. Brydges to have certificate slightly altered in terms.*]

I must have received it ; there is my writing upon it.

143. You subsequently obtained a certificate of that date, the terms of which were dictated by yourself, which was in fact a copy of the paper just put in, with the exception of the alteration of the word “ fifty ” to “ seventy ? ”

— The certificate, as I have already explained, was in reference to payments from the United States Department. If it was made out as originally shown here at \$50 per mile, it certainly was not a correct statement of the order in Council, which appears to have been passed in September 1858, and from the concluding terms of the certificate, where it says, “ at least that sum will be continued,” it certainly does not convey to me now, as I am sure it did not at the time I received it, the idea that the rate had been finally fixed by the Governor in Council.

144. No other order in Council as to postal rates was in fact passed until August 1863 ?

So it appears.

145. You place some reliance in your Memorandum, at page 18, on the expense of working the road here, owing to the severity of the climate. The main item of the expense is the breakage of the rails, is it not ?

It is an item, but not the principal. But if it is meant to include in the question the consequent damage, it is a material item.

146. You speak somewhere of 10 miles of railway having to be renewed from breakage of rails, do you not ?

In one winter there was that extent.

147. Can you state the amount of the total expense from the breakage of rails, and the consequent damage during that winter?

The renewals of rails during the last three years have amounted to a total length of upwards of 350 miles, or an average of about 117 miles a year. During the winter of 1862, 300 cars were thrown off the track by the broken rails. The cost of repairs of engines and cars during the year 1862 amounted in round figures to \$615,000. The superintendent of that Department estimates that $\frac{2}{3}$ of that cost is due to the damages occasioned during the winter. If that estimate is correct, the climate of Canada entails upon the Company, for the repairs of engines and cars, a sum of somewhere about \$400,000 a year.

148. How long had the rails been laid upon the road at that time?

It varied.

149. Where did those accidents occur principally?

They occur all over the line between Toronto and Portland. I think it is greater as we come East.

150. In 1861, Mr. Shanly states the casualties which occurred between January and April, 1861, on the Central District, as follows.

Statement of Casualties to Trains, through breaking of Rails, in Central District, between 1st January and 4th April, 1861.

Date of Accident.	Number and Character of Train.	Place of Accident.	No. of Cars thrown off and damaged.
January 12th	No. 8 Freight Train.	Near Newtonville.	3
do do 10 do	do	Cedars.	5
February 12th	2 do	Napanee.	2
do 15th	6 do	Newtonville.	5
do ... 28th	9 do	Cornwall.	1
March 7th	7 do	Lancaster.	2
do do	1 do	Lansdowne.	2
do do	3 do	Aultville.	1
do do	3 & 11 do	Waterloo.	12
do 8th	7 do	R. Beaudette.	6
do do	4 do	Pointe Claire.	4
do do	7 do	Cobourg.	3
do 11th	8 do	Lyn.	7
do 14th	3 do	Malorytown.	3
do ... 17th	5 do	Vaudreuil.	9
do 27th	6 do	Lancaster.	6
do 29th	12 do	Pointe Claire.	4
do 30th	20 do	Bath Road.	3
April 4th	Wood Train.	St. Anne.	2
20 Trains interrupted.		Total Cars Damaged.	80

Do you think there would be during that year an equal amount on the other districts of the road?

In the years 1861 and 1862, there were a great number of accidents on that district.

151. Can you state how long at that time the rails on that district had been laid?

The line was opened from Montreal to Brockville in November, 1855, and from Brockville to Toronto, in October, 1856.

152. The rails on that section had then been laid five or six years?

Partly five and partly six.

153. Do you not think the breakages attributable rather to defect in the rails than to severity of climate ?

I do not think the form of rail originally used on the Grand Trunk was a good one, and I believe that fact increased the breakages, but no iron rail, in my opinion, will stand well in this climate, and will not be liable to breakage. We find that rails, of the new form and better manufacture, that we are now using, do break, and in an increasing proportion with their age, though not to the same extent as the rails originally laid. We are so satisfied of this fact that we are experimenting now the use of iron rails and steel heads.

154. The question was whether the breakage was not attributable rather to defect in the iron and manufacture than to the climate ?

If you put that as an abstract question, I say---no.

155. Was not the iron inferior, and the manufacture bad, of the rails originally laid down ?

I cannot call them bad rails ; I have seen them much better and much worse.

155a. Mr. Cooke, before Mr. Langton's commission, being asked, " what is the quality of the iron ; is this the principal cause of the rapid wearing out ?" answered, " I have all along reported that the iron is of bad quality ; it is very inferior to the iron on the Western section ;"---is that correct ?

I think the iron on the Western section is better, but I cannot say that that of the Central section was bad.

156. Mr. Cooke at that period was an engineer employed by the Grand Trunk Company on the Central Division ?

He was an engineer on some section between Montreal and Toronto, but I cannot say which.

157. Mr. Gustin is the superintendent of the Toronto rolling-mill, where the rails of the Grand Trunk Company are re-rolled, and has a good opportunity of becoming acquainted with the quality of the iron ?

Yes.

158. He says : " I have examined the rails furnished by the Grand Trunk Railway Company sent here for re-rolling, they vary in quality very much, I think they would not average equal to medium quality,"---do you think that correct ?

I think Mr. Gustin has rather understated the general quality of the rails.

159. What is the average life of a rail in England ?

They vary with the different roads and with the amount of the traffic.

160. What was the weight per yard of the rails laid down in the Grand Trunk line ?

About 63 pounds.

161. Are you acquainted with the South-Western of England, is not that a heavily worked road ?—can you give us an idea of the average life of the rails on that road ?

I have not known any thing of that road, personally, for the last 12 years.

162. It is stated in Mr. Colburn's book, that " Mr. Strapp, the engineer of the London and South-Western, was offered, in December 1857, new rails, delivered in London, at \$29.28 a ton, while within 24 hours afterwards he was offered \$26.20 a ton for the old rails he had taken up after 19 years wear,"—do you think that a tolerably accurate idea of the wearing of the rails on that road ?

I should consider that about double the life of the rails on that line at the present time.

163. The same writer, at page 87, states : " The durability of rails, under a given service, is almost entirely a matter of quality, and the results of the wear

of any make of rail can only apply to other rails of the same quality. Many of the rails put down on English lines in 1837 have worn twenty years. This has been the case on the London and North Western, Lancashire and Preston, Preston and Wyre, Derby and Birmingham, and on the London and South-Western railways. The iron in the Great Northern line has stood seven years (with 44 trains each way daily). That of the London, Brighton and South Coast (a very heavily worked line) was laid 15 years ago. Renewal was commenced 3 years ago, and is not completed. In 1848, the Directors of the London and North Western line, after a careful investigation, estimated the duration of their iron at 20 years. The iron of many English lines has stood from 12 to 16 years. On the other hand, heavy iron has gone to pieces in 1, 2 and 3 years, where existing iron had been run for 12 years."—Does that agree with your experience?

I think that is not the experience of the present day; there is no doubt that the first rails made were of a better quality than any that have since been manufactured; the practice in England now is to increase and not decrease the weight of rails, contrary to the statements made in the book to which you have referred.

164. I find it stated in Mr. Langton's book, at page 105, by Mr. Maguire, road-master of the Montreal and Champlain Railroad, that on that road, during the year 1859-60, only five rails had been broken, although the rails had been then laid seven or eight years;—how is that now?

The circumstances of the two railways are entirely different. The Montreal and Champlain line is a straight level road without any heavy grades, cuttings or embankments. The traffic upon it has been exceedingly light, not more than 3 trains a day, all of a light character and run at a comparatively low rate of speed. All these facts are entirely different on the Grand Trunk.

165. What is the average rate of speed on the Montreal and Champlain Railroad?

About 17 miles an hour, including stoppages. Since the date of Mr. Maguire's evidence, considerable renewals of the iron have taken place, and the number of broken rails is increased.

166. When did the renewals you speak of take place?

They have been going on for the last three years.

167. How long has the Grand Trunk Company been working the road?

For more than a year.

168. Can you state the average amount of renewals for the two years before you took possession?

The renewals have amounted to four or five miles a year. Last year we renewed five miles of rails.

169. Is not the injury to the rails ordinarily produced by the passage of the engine?

Yes.

170. Are not the engines of passenger trains likely to produce such an injury, rather than the engines of freight trains?

I do not know that there is much difference. The passenger engines run fastest, but the freight engines are heavier.

171. Is not the weight of the passenger engines thrown upon the driving wheels, and that of the freight engines distributed over six wheels?

No; they are all alike here in that respect.

172. Can you give us the excess of cost of passenger over freight trains?

There are more men employed upon a passenger train than a freight train, and they are paid at a higher rate of pay.

173. Can you state the difference of operating expenses between freight and passenger business?

We have not kept our accounts so as to show that, and I am not prepared to answer the question.

174. Assuming the trains to run at the same speed, the operating expenses would be in proportion to the weights?

Yes, with this difference that the carriages employed in passenger trains are more costly, both in first cost and repairs, than the cars used in freight trains.

175. Messrs. Holley and Colburn state that if the speed of the passenger train be doubled, forty per cent must be added to the weight of the passenger trains to render the operating expenses between the passenger and freight trains in proportion to their weight,—is that correct?

It does not agree with statements made on that subject by English engineers. I should think 50 per cent to be nearer, that is 50 per cent would be the extra cost for carrying the same weight at double speed.

176. Would you produce your original contract between the Express Company and the Grand Trunk Company?"

The paper now produced is a copy of the only contract between the Grand Trunk Company and any Express Company, that I know of. This contract is not now in existence, having expired by the Express Company having been dissolved on the first of January last. We having given notice to the Company that we would not continue the contract, the question of any new contract is now entirely open.

“ AGREEMENT between the Grand Trunk Railway Company and the British and American Express Company.

“ Be it remembered, that on the twenty-second day of the month of May, in the year of our Lord, one thousand, eight hundred, and sixty-one, in the presence of the undersigned Notaries Public—duly commissioned and sworn in and for that part of the Province of Canada, heretofore constituting the Province of Lower Canada, residing in the city of Montreal in the said part of the said Province,—the Grand Trunk Railway Company of Canada, hereto duly represented and acting by Walter Shanly, of the city of Montreal aforesaid, the General Manager, duly authorized for all and every the purposes hereof by Resolution of the Board of Directors of the said Company, held at Quebec, on the fourth day of April, last past, a certified copy whereof is hereto attached of the first part, and the British and American Express Company, herein acting, and hereto represented by Benjamin S. Cheney, of the city of Boston, in the State of Massachusetts, one of the United States of America, Forwarder, Ebenezer H. Virgil, of Troy, in the State of New York, one of the said United States of America, also Forwarder, and Joseph W. Howes, forming the Executive Committee of the said British and American Express Company, and as such duly authorized by the by-laws, of the said Company, for all and every the purposes hereof, of the second part, have covenanted and agreed, and by these presents do covenant and agree to and with each other in the form and manner following, that is to say:

“ 1. The said the Grand Trunk Railway Company of Canada, doth hereby give and grant to the said British and American Express Company, for the space and term of five years, commencing on the first day of the month of May, one thousand, eight hundred and sixty-one, and ending on the thirtieth day of April, one thousand eight hundred and sixty-six, the privilege of conducting the Express business over the whole of the lines of the Grand Trunk Railway of Canada, with the only exception of that part of the said line from Chaudière Junction to Rivière du Loup.

" 2. The said British and American Express Company promise, undertake, and agree to pay to the said the Grand Trunk Railway Company of Canada, in and by equal and consecutive quarterly payments, to be respectively made on the first day of the months of May, August, November, and February, in each year, the following toll per mile per annum, on the mileage of 971 miles, (nine hundred and seventy one miles,) at the following rates per annum, viz:

" For the first year, eleven dollars and fifty cents per mile.

" For the second year, thirteen dollars per mile.

" For the third year, fourteen dollars and fifty cents per mile

" For the fourth year, sixteen dollars per mile.

" For the fifth year, sixteen dollars and fifty cents per mile.

" And for the conveyance of all goods, parcels, and packages, carried by them over the said lines, they, the said British and American Express Company, undertake, promise, and agree to pay to the said The Grand Trunk Railway Company of Canada, the rates, fixed and contained in the tariff, annexed to this Agreement, marked A, signed by the said parties, and us, the said Notaries, *ne varietur*.

" The accounts between the said parties, for the conveyance of all said goods, parcels, and packages, shall be settled, and paid, once, every three months.

" 3. The said British and American Express Company, are to be allowed a compartment in the Baggage or Post Office Car, not exceeding twelve feet in length, by the height and width of the Car, on one accommodation Car, each way, or oftener, if the Grand Trunk should run more than one Passenger Train daily (Sundays excepted), and to carry goods therein, not exceeding five thousand pounds in weight, but in case of emergency, they will be allowed to carry a further weight or amount of five thousand pounds provided there be room for the same in the part of the baggage car used by the said Grand Trunk Railway Company of Canada.

" 4. The said British and American Express Company, are to be allowed to send two officers free, to attend to the Express business, by each train, but it is well understood and agreed, by and between the said parties, that the Express Messengers and other persons connected with the said Express Company, travelling free by any one of the Trains of the said Grand Trunk Railway Company of Canada, are carried at their own risk, and the said British and American Express Company, expressly bind and oblige themselves, to guarantee the said The Grand Trunk Railway Company of Canada, against, and keep them free, and harmless, of and from all claims and demands, and actions for damage, for injuries sustained by those officers and employés, by accident or otherwise.

" 5. The said The Grand Trunk Railway Company of Canada, shall provide a suitable room and accomodation in one of their offices for the use of the said British and American Express Company at the terminal stations of the said Railway Company.

" 6. The said British and American Express Company, shall be bound, and they promise and undertake, to dismiss on the first demand of the party of the first part, acting by their manager, any one of their servants, misconducting themselves, while on the Trains, or at stations.

" 7. The said The Grand Trunk Railway Company of Canada, shall not be responsible for any claims; made upon the said British and American Express Company, in consequence of accidents to the trains or otherwise; the said British and American Express Company assuming and taking upon themselves, the whole of the risk, and binding and obliging themselves to keep the said

Grand Trunk Railway Company of Canada free and harmless of and from all said claims and demands in relation thereto.

"8. The said British and American Express Company undertake, promise, and agree to deliver to the Agents of the said Grand Trunk Railway Company of Canada, at every station where goods are received or placed on the train for conveyance, a daily report of the number of packages, goods, and parcels, and the weight of the same.

"9. And it is an express condition of these presents, that the Agents of the said British and American Express Company shall not interfere in any way with Passengers' Baggage, or with articles carried by the Grand Trunk Railway Company of Canada, as extra baggage; but as it is not the desire of the last named Company to encourage the transmission of freight by passenger trains, under the denomination of baggage, the said Company agree to give instructions to station agents and baggage-masters, defining the extent to which they are to be allowed to use their discretion in such matters as set forth in Circular dated this day, a copy whereof marked B. is hereto attached.

"10. And the said, The Grand Trunk Railway Company of Canada, undertake that they will not enter into any contract with any other express company, to take effect during the existence of the present contract.

"11. And it is an express condition of these presents, that should the said British and American Express Company fail to fulfil and perform any one of the covenants and agreements by them entered into under and by virtue of these presents, or fail to make any one of the above mentioned payments, at the time and in the manner limited for such payment, then it will be optional with them, the said Grand Trunk Railway Company of Canada, to bring these presents to an immediate close and termination, by a simple notice to that effect given in writing to the said British and American Express Company at their office in Montreal, or through the post office addressed to their office at Kingston, as the said the Grand Trunk Railway Company of Canada may think proper.

"Thus done and passed at the said city of Montreal, in the office of T. Doucet, one of the undersigned notaries, on the day, month, and year first above written under the number sixteen thousand, two hundred and eighty-one, and the parties have signed with us, the said notaries, these presents having been first duly read in their presence and the seals of the said respective companies being hereto attached.

"The Grand Trunk Railway Company of Canada.

[L.S.]	By	(Signed,)	W. SHANLY,
	(Signed,)	J. ELLIOTT,	Manager.
		Sec. & Treas.	

"British and American Express Company.

[L.S.]	By	(Signed,)	B. P. CHENEY.	JAS. SMITH, N.P.
			E. P. VIRGIL,	T. DOUCET, N.P.
			J. W. HOWES,	

"A true copy of the original remaining on record in my office.

(Signed,) T. DOUCET, N. P.

" A.

" GRAND TRUNK RAILWAY.

" Tariff of Rates of Freight to be charged to the British and American Express Company.

Distances.	Rates \$ 100 lbs. 1st Class.	Rates \$ 100 lbs. Special class.	Distances.	Rates \$ 100 lbs. 1st Class.	Rates \$ 100 lbs. Special class.
Miles.	Cents.	Cents.	Miles.	Cents.	Cents.
20 and under....	15	12	201 to 220.....	73	42
21 to 30.....	20	15	221 to 240.....	76	44
31 to 40.....	25	18	241 to 260.....	79	46
41 to 50.....	30	20	261 to 280.....	82	48
51 to 60.....	33	22	281 to 300.....	85	50
61 to 70.....	36	24	301 to 325.....	88	52
71 to 80.....	38	26	326 to 350.....	90	54
81 to 90.....	40	28	351 to 375.....	95	57
91 to 100.....	42	30	376 to 400.....	100	60
101 to 110.....	44	31	401 to 450.....	110	65
111 to 120.....	46	32	451 to 500.....	120	70
121 to 130.....	49	33	501 to 550.....	130	75
131 to 140.....	52	34	551 to 600.....	140	80
141 to 150.....	55	35	601 to 650.....	150	85
151 to 160.....	58	36	651 to 700.....	160	90
161 to 170.....	61	37	701 to 750.....	170	92
171 to 180.....	64	38	751 to 800.....	180	95
181 to 190.....	67	39	801 to 850.....	190	98
191 to 200.....	70	40	851 to 900.....	200	100

" SPECIAL CLASS.

" Apples,	Eggs,	Oranges,	Pears,
Ale,	Fish,	Oysters,	Soap,
Butter,	Fruit,	Porter,	Soda Water,
Beer,	Game,	Potatoes,	Vegetables,
Cider,	Lemons,	Peaches,	Wines.
Candles,	Meats, (fresh)	Poultry,	
Cheese,	Mineral Waters,		

" In cases where the Grand Trunk Railway Company reduce their regular local tariff to meet competition, as in summer between Quebec, Montreal, Toronto, &c., the Express Company are to have a corresponding reduction from the above scale of rates, so far as such particular points of competition are concerned.

"This is the 'Tariff' of Rates marked A, referred to in the Contract between the Grand Trunk Railway Company of Canada and the British and American Express Company, passed before T. Doucet and his colleague, Notaries, this twenty-second day of May, one thousand eight hundred and sixty-one.

" (Signed,) W. SHANLY,
B. P. CHENEY,
E. H. VIRGIL,
J. W. HOWES,
JAS. SMITH, N. P.,
T. DOUCET, N. P.

"A true copy.

"(Signed,) T. DOUCET, N. P."

177. Is the British and American the only Express Company with which you have or have had any contract?

Yes, and the association expired on the first of January last.

178. Have you not been carrying Express Matter over the road since January?

Yes, but upon terms to be subsequently arranged, not upon the terms of the old contract.

179. A contract is spoken of in Mr. Langton's report at page 70, anterior, I would presume, to the one now produced?

I have never seen any other, but I will enquire.

(Examination of Mr. Brydges resumed.—27th February, 1865.)

180. Can you now produce a table of the present service west of Toronto? I cannot state what the service was prior to the late alterations in consequence of the passport system.

181. The average weight of the Post Office cars, as stated in Blue-book No. 1, is 30,248 lbs. ;---is that still the average weight?

The weight remains about the same.

182. What is the average cost of one of the Post Office cars?

The average cost is about \$2,000, that is, the cost of the whole car, of which the Post Office takes a part.

183. Is not the price to be paid for carriage accommodation by the Post Office in England reduced to pretty nearly an accurate figure?

I am not aware of it.

184. Major Harness in speaking of this subject says: "The carriage was easily determined, at least latterly. There was an agreement between a large number of Companies, by which they paid for the use of each others carriages, and I think I am right in saying that it was either 1d. or $\frac{3}{4}$ d. a mile for the first class, $\frac{1}{2}$ d. for the second, and $\frac{1}{4}$ d. for waggons and trucks. That agreement I made the basis of my value of the sum to be charged to the Post Office for the use of the carriage. It was understood, and constantly admitted to me, that the charges had been fixed at a high rate by the Railway Companies, in order that their carriage might have a tendency to remain on their own lines and that it should not be to the interest of one Company to use the carriages of another; there was no possible injustice to the Railway Company in taking those figures."---Does that seem to you to be a just computation?

I do not think it applies in the case of the Post Office at all. I do not think it a just mode, and I will tell you why:---The rates mentioned by Major Harness are rates fixed upon between two or more Companies whose carriages, for their own convenience, pass over each others lines, in order to avoid the expense and delay at the junctions;---each Company, on the average, sends about an equal number of carriages off its own line, and therefore the charge for the use of carriages is, practically, about balanced and they are benefitted by the arrangement to the extent of the cost of transshipment. No Company would lend its carriages to a stranger, or to the public, at such prices as Major Harness mentions.

185. Major Harness states the prices named as high for the service,---you do not agree with him?

I do not agree with that; for instance, he mentions a farthing a mile for trucks; such rates will not more than cover the cost of repairs and running of the trucks, without allowing anything for interest upon cost or use of the vehicles.

186. What is the average cost of your passenger cars?

The average cost of our first class cars is about \$3,000.

187. Have you not some arrangements by which first class cars are interchanged and allowed to go along other lines?

There is no such arrangement.

188. Have you procured the tariff which should have been annexed to the Express Contract?

I have not, I telegraphed for it and hope to receive it in the course of the day.

189. Your foreign freight, say from Detroit to Portland, is carried at rates different from those specified in your tariffs,---is it not?

Yes; the tariffs I gave you are local tariffs for Canada.

190. The tariff on foreign freight varies very frequently,---does it not?

Continually.

191. And is considerably lower than your local tariff?

Sometimes so, sometimes not.

192. Upon what principle is it that the tariff upon foreign freight is lower than upon local freight?

Through freight comes to the Company in large quantities, by train loads at a time, which go through from end to end undisturbed. The cost of working the intermediate stations is not materially affected by the running of the through trains. The local stations have all to be maintained for the local business; the freight comes to those stations in small quantities, and it takes the business of a number of those stations to make up a train load. The result is, that a local freight train which arrives fully loaded at its destination, has not in fact had an average of half the load for the distance the train has run.

193. Mr. Walter Shanly was Manager of the Grand Trunk Railway in 1860, was he not?

He was.

194. When was he appointed and how long did he continue?

I cannot speak accurately; I think he was altogether Manager for three or four years.

195. In answer to question 177, put to him by the commission of which Mr. Langton was chairman, Mr. Shanly says:

"The freight tariffs are not made up at a uniform rate, per mile, all over, the mileage rate diminishing as the distance increases. Small loads carried short distances, must ever be charged higher in proportion than large loads carried long distances; and local traffic must always be charged higher, mile for mile, than through traffic, because the expenses attending the former are very much

higher than those attending the latter. The greater expenses of doing local business, as compared with through, are to be found in the smaller amount of useful service performed by the engines : in the expense of maintaining the way stations, warehouses, &c., with their staff of agents, porters, switchmen, &c., for booking and handling the goods and attending to the shunting of trains. The interest on the first cost of the stations and their sidings is also to be counted against the way traffic. The lighting, fuel and taxes form further and not inconsiderable items in the expense. As regards the effective service performed by the engines of local trains it is, of course, less, mile for mile, than that performed by those of through trains, which start with a full load, while the way engine frequently sets out with but two or three cars, or sometimes none at all, and has to pick up its load as it goes, doing more or less shunting at every station where a car or two, or perhaps no more than half a car load, may be awaiting it."

That is a tolerably accurate statement of the question between foreign and local traffic, is it not ?

I think it is, and agrees with my answer.

196. Can you state whether the rate of freight on foreign traffic has varied since Mr. Shanly gave his evidence ?

It has varied very much, it depends upon the rate charged by other lines.

197. What is about the present rate for freight, per ton, between Detroit and Portland ?

At the present time it is rather over 2 cents per mile.

198. At the time Mr. Shanly was examined, he stated it to be $1\frac{1}{4}$ cents, per ton, per mile, between Detroit and Portland ?

Frequently, in summer, it is less than a cent per mile.

199. In question 32, before the Committee of the House of Assembly, in 1860, Mr. Shanly is asked : " Could you make money carrying freight 846 miles for fifty cents per 100 lbs. " ; to which he replies : " Yes ; I am willing to take the through freight at that rate, " —do you consider that would pay ?

Yes, in large quantities.

200. In the course of his remarks, in appendix 14 to Mr. Langton's report, Mr. Shanly says : " I have already mentioned that of ' through ' or ' foreign ' freight business we are doing but little at present : just enough to keep alive the connection with our far-western customers. The amount of that class of traffic now offering is very large, and at rates which, comparing the cost of carrying it with the necessarily greater cost of doing local business, are, to the full, as good as the larger proportion of our local freight has been yielding us. " —Do you concur in the justice of that observation ?

Yes, if it comes to us in sufficient quantities to make full train loads.

201. What do you consider a paying rate now, for local freight ?

Two cents, per ton, a mile, will leave a profit for a distance not less than two hundred miles.

202. Do you think then that the rate spoken of by Mr. Shanly, in his answer to question 32 above referred to, would pay as well or better than the local rates you charge at present ?

Yes, provided it came in large quantities.

203. That is owing, I suppose, to the various expenses attending local business to which you have before referred ?

Yes.

204. The Post Office claims that a considerable reduction should be made to it in consequence of the continuity of the service.—Do you admit the justice of that ?

Only to a very limited extent.

205. In the Post Office service the same space is always required both ways.—Should not such a service be performed at a less rate than is paid by a casual customer?

The object in fixing rates is, whilst securing, of course, a profit, to, induce as large a quantity to come upon the line as possible. In the case of the Post Office, the quantity or space is absolutely fixed, and the rate paid is a fixed one also, no matter what use is made of the space. In the case of passenger fares, return or season tickets are issued for the purpose of inducing a larger number of journeys on the part of those purchasing such tickets. The Railway Company, by such arrangements, increases the aggregate receipts of its trains and therefore the net profit earned by them. But in the case of the Post Office, the Post Office themselves get the benefit, only, of the increased quantity of what is put in the space they occupy.

206. I think it is conceded uniformly in England, that the uniformity and constancy of the service ought to lead to a considerable reduction in the price?

I have already said that I think that the continuity of service ought to entitle the Post Office to a reduction, but I do not think it should be a large one.

207. I see that Captain Huish, in the book you were so good as to lend me, makes a reduction of $\frac{1}{2}$, in the Caledonian Company's case, on account of continuity of service?

I see, on referring to Captain Huish's statement, that he makes the following remarks: "To our best customers, those who pay us very large sums per annum, we hardly make a difference in practice in the rates as charged to themselves and to the smaller consignee, and the trade of some of them is greater and quite as constant, and far less costly in working, as that brought by the General Post Office, but all Railway Managers are anxious to meet an enterprise possessing a national character in a liberal spirit, and it is out of this consideration that the Caledonian Company concur in my now suggesting that in consideration of this 'constancy' of service, one half of the above sum shall be further deducted, reducing thereby the sum of 7s. 10 $\frac{1}{4}$ d. to 3s. 11 $\frac{1}{8}$ d. per mile." I agree in the reasoning of Captain Huish, but with every desire to meet the Post Office Department in the most liberal way, I cannot concur in the conclusion at which he arrived. The Parliament of Canada has decided that all parties using the Railway shall be charged alike, of course that decision if it is good for the public is good in the case of the Post Office; as a matter of fact Railway Companies do not vary their rates to those who ship large or small quantities of freight.

208. I find that newspaper packages, which are sent in the same quantity daily, are charged at half price, in consequence of the uniformity and constancy of the service,—is not that so?

The Grand Trunk Company do not carry any newspaper packages at all.

209. I find Sir Rowland Hill, in his answer to question 1782, before the Committee of 1854, says: "Taking into account that the service is a daily one, I am not sure, if we paid the same sum that the public pays for a single parcel, that we should not in some instances pay more than we now do; but if the post-office paid no more than the public is accustomed to pay for a service recurring regularly every day, then we should pay very much less. I may mention as an illustration, that one of the cheapest mails we have is one that was arranged with the Great Northern Company, under which arrangement we actually paid for our bags at the ordinary parcel rates the full rates which any one would pay for sending a single parcel, and though we save the company the whole cost of the delivery of

those bags, and pay the full rate upon each, it is a very economical mail ; I know that persons sending newspaper parcels daily, pay upon some lines, upon the London and North Western for instance, one half of the usual parcel rates, and we should be very glad to be put upon the same footing ; of course I speak of the ordinary trains ; where we prescribe the hour of the train it is quite right that we should pay for the restriction.”—What do you say to that ?

I cannot say what the rate charged for newspaper packages in England is.

210. Mr. Shanly, in his answer to question 17, before the Committee of the House of Assembly which sat in 1860, says : “ There are so few articles of general commerce in our first class column, that we do not consider any considerable reduction for the long distance, as compared with the short, called for ; nor is it ever asked. The Express Company do a large portion of the business embraced in our first class columns ; we do very little of it.”—Is that a correct representation of the course at present pursued ?

No, I do not think it is. First class freight is smaller in quantity than the other classes, but it is considerable and increasing.

211. Mr. Shanly says, “ we do very little of it, ”—do you think that has ceased to be true ?

That is not the case now.

212. Can you tell us what is the comparative variation, or what proportion to the whole, the first class freight now is ?

I cannot.

BY MR. WICKSTEED :—

213. You have stated the average expense of running one train with another to be about 86 cents per mile,—have you not ?

I have ?

214. What ought to be the receipts from such a train to render it fairly remunerative, reckoning the expenses and interest ?

From \$1.75 to \$2.00. In England it is calculated that the net profits of the train, per mile run, should be from 55 to 60 per cent of its gross receipts. This is the rate named by Captain Huish, in the book which has been already referred to.

215. That would apply equally to passenger and to freight trains ?

Yes. The profit on running passenger trains on the Grand Trunk, according to the figures already given in my evidence is about 23 per cent of the gross receipts.

216. Do you consider mixed trains to be local or through trains ?

Local, carrying local freight.

216. Are they more expensive to run than through trains, and why ?

They are ;---they do the work at the local stations, the expense of all those stations is applicable to them, and, being timed to run at a higher speed than the freight trains, they do not carry more than half the ordinary weight of an ordinary through freight train.

217. Do through freight trains stop at any stations ?

Only where necessary for wood and water.

218. Do mixed trains stop at all stations, and does that increase the expense, and, if so, why ?

Yes,---by the constant application of brake-power which increases the expense.

219. When you say that a train ought to earn from \$1.75 to \$2.00, per mile to pay, do you mean a passenger train, averaging about five cars, as mentioned in a former part of your evidence?

I do.

220. What size would the mixed train, or freight train earning the same money, be respectively?

For a mixed train, ten or twelve freight cars and a passenger car, all well filled. For a freight train, about 20 cars averaging about 10 tons of freight each.

221. How much baggage do you allow for each passenger?

One hundred pounds.

222. What do you charge for extra baggage?

About double first class freight rates.

223. The extra baggage goes in the same car, but not in the same compartment as the mails?

It does.

224. In your letter to the Postmaster General, dated 21st July, 1863, you give an estimate of the extra cost of running night trains as compared to day trains,—do you still consider that statement as correct, and have you any thing to add to or to vary the reasons you gave for so considering it?

I believe that statement to be correct. I have already stated the extra cost incurred at stations for extra hands, fuel, lighting, &c.; there are more hands employed upon night trains than day trains. The cost of some of the vehicles run on night trains is greater than those run on day trains. The necessity of running night trains requires a larger stock of carriages, and the liability to accident is greater through the night than during the day. Taking all these circumstances together, I think the estimate I made in July, 1863, is under rather than over stated.

225. In claiming extra compensation on account of the severity of the winter in Canada, do you make that claim with respect to the whole line of the Grand Trunk Railway, or only to that part of it which you consider to be more unfavourably situated, in that respect, than other railways in Canada, or in the northern part of the United States?

As regards railways in Canada, I think our whole line occupies a worse position with regard to climate than any other; as regards railways in the northern part of the States, I consider that the Grand Trunk line east of Kingston is more costly and difficult to work than any other line on the continent, in so far as regards climate.

226. What percentage of additional expense do you consider to be incurred, by reason of additional severity of climate, on that part of your railway east of Kingston, as compared with that part of the line west of Kingston?

I find that during the last two years the average expenses, including renewals of the permanent way, have been about 70 per cent of the receipts. If we had no winter in Canada, I do not think they would exceed 50 per cent; of that additional 20 per cent, due to the effects of climate, I am of opinion that three fourths arises on that portion of the line east of Kingston.

227. To the extent mentioned in your answer to the last question, you mean to say that that part of your Railway east of Kingston is more unfavorably situated, as respects climate, than any other Railway in Canada or the United States?

That is my opinion.

228. What was the cost of the Victoria Bridge, irrespective of interest accrued since its completion?

One million and a half, sterling.

229. What was the cost, per mile, of the nine hundred and twelve miles of Grand Trunk Railway in Canada, irrespective of interest and of the cost of the Victoria Bridge?

The cost, including rolling stock, is between nine and ten thousand pounds, sterling, per mile.

230. Do you incur any yearly expenses in maintaining the Victoria Bridge, and what are they?

There are watchmen at each end, night and day, rivetters are constantly employed putting in fresh rivets; there are men to keep the track running through the bridge, including the timber upon which it rests, and the bridge will require painting every few years, the cost of which will be very great.

231. Can you give any estimate of the average annual expense?

I cannot, but including painting, it will be a very considerable average over a number of years.

232. Did you ever make any arrangements with any other Company for allowing their trains to pass over the bridge, or for carrying goods or passengers over it for such Company, and if so, what rates did you charge?

No trains but Grand Trunk trains ever passed over the bridge until after the amalgamation of the Champlain Road, but during three or four years previously, whilst the river was impassable, we used to take passengers for the Champlain Road between Montreal and St. Lambert, charging the passengers a quarter of a dollar each.

233. In your printed case you allude to the Menai Bridge, on the Chester and Holyhead Railway, and to the payment made on account of it by the Post Office to the Railway Company, can you give any further particulars, with respect to that payment, than what are given in your case?

I believe the statements in my case are correct and correctly describe the facts.

234. Do you know the rates paid by Railway Companies, or passengers in Railway trains, for passing over the Suspension Bridge at Niagara?

None but Great Western passenger trains pass over the bridge, and this Company leases the bridge at a fixed rate per annum, viz: \$45,000 per annum, for the railway floor. Passengers holding railway tickets are entitled to pass over the bridge for the fare which they have paid for such ticket, the toll being included in the railway ticket. If passengers get on to the trains, without tickets, they are charged 25 cents for crossing the bridge.

235. Do you know the cost of this Suspension Bridge?

Between five and six hundred thousand dollars.

BY THE CHAIRMAN :---

236. In your answer to question 214, you state that the average receipts should be from \$1.75 to \$2.00 per mile, and that answer is based upon a calculation of Captain Huish, relative to English railways.---Is not the calculation based upon an amount that would be required to pay interest upon the cost of construction, as well as expenses?

It is so.

237. Is not the average capital outlay in England vastly greater than on the Grand Trunk?

Yes.

238. Can you state the average cost of capital outlay on the English railways?
I suppose now it would be from £35,000 to £40,000 per mile,---but that average includes interest paid during the construction of the work.

239. Do you know the average earnings per mile of the English railways?
I can't say from memory.

240. Messrs. Colburn and Holley, in their book, state them to have been, in 1856, \$1.44.

I have no doubt that is correct.

241. Do you know the average earnings in the State of New York on all the railways?

I cannot speak from memory.

242. It is stated, in Messrs. Colburn & Holley's book, to be \$1.76.

I have no doubt it is now higher.

243. The average expense on the New York roads is higher, is it not, than on the Grand Trunk?

It is,—in the proportion of \$1 to 86c., that is, comparing the present time on the Grand Trunk with the year 1855 in the State of New York. Since that time the cost per train mile, on the main lines in New York, has considerably decreased.

244. The necessary receipts you speak of, \$1.75 to \$2.00, to make the train paying, would be much higher than the receipts either in England, or the State of New York in 1855?

The answer to this is, that in Canada we run fewer passenger trains than they do on the main lines in the State of New York, and as the capital in constructing the lines in Canada and the United States is about the same, we must of necessity have a larger profit on each train than is necessary in the larger number of trains running in the state of New York. The same reasoning applies in the comparison between Canada and England. In the latter country the trains are very much more numerous than in Canada, and of course a smaller amount of profit on each train will produce a greater aggregate result than in Canada where the trains are very few. In fact the frequency of trains in England as compared with Canada, is in a greater proportion than the increase of cost of construction in the two countries.

245. You stated the amounts of baggage allowed to a passenger to be 100 lbs.;---is it not practically unlimited?

No; we charge for excess of weight; such is our usual practice.

246. You say, in answer to question 220, that for a mixed train, ten or twelve freight cars and a passenger car all well filled, and for a freight train, about 20 cars averaging about 10 tons of freight each, would earn from \$1.75 to \$2.00 per mile;---would not a passenger car, well filled, earn of itself \$1.80 a mile, without reference to the freight cars?

If a passenger car had every seat filled, the whole way between Toronto and Montreal, it would give a receipt of \$1.50 per mile. In practice, a Railway car is never fully filled.

247. What is the average rate charged for local passengers?

It varies on the different sections of the line, and it varies in winter and summer. The average at the present moment is less than 2 cents, between Quebec and Sarnia.

248. You spoke of the cost of sleeping-cars as an item in the expenditure,---do the passengers pay extra for them?

They do,---50 cents a berth.

249. Is not that extra charge intended to compensate the Company for the extra expense of the car ?

Yes.

250. Speaking of the Menai Bridge in your Memorandum, at p. 19, you say : " the reason of this very large payment is on account of the great cost of the Menai Bridge, for which £20,000 stg. per annum is paid specially by the Post Office Department to the Chester and Holyhead Company."---Are you aware of the arrangement made with the Chester and Holyhead Company ?

Not beyond its general features.

251. Was it not an arrangement made with the Company before the bridge was built ?

I believe it was.

252. Sir Rowland Hill, in answer to question 74, before the Committee of 1855, says : " By arrangement made with the Treasury, many years back, the Post Office has to pay, for the conveyance of mails between Chester and Holyhead, a round sum of £30,000 a year ; that sum far exceeds what would be paid, in all probability, under the usual process of arbitration. As far as we can estimate, we think that somewhere between £14,000 and £15,000 a year, out of the £30,000, that is to say, nearly one half, may be considered as in excess of the sum which would be awarded by arbitration ; and one half of that excess should in fairness be charged against Ireland." He attributes fourteen or fifteen thousand pounds per annum, as the sum paid on account of the bridge.—Is that correct ?

According to Sir Rowland Hill's answer, it appears simply to be an estimate on his part without any precise knowledge of the facts. If the special charge for the bridge does not exceed £15,000, it leaves the rate of payment, on the railway proper, nearly 50 per cent higher than upon any other line in England. If the special charge is the sum which I have stated in my case, and which I have been informed is the fact, it leaves the payment, for the railway proper, at a figure which does not materially vary from the rates paid upon other lines.

253. Was not the arrangement made by the Treasury and not by the Post Office Department, before the bridge was built ?

I believe it was.

254. Is not the sum paid to be reduced in proportion to the earnings of the road ?

I am not aware that such was the arrangement, and I believe the payment has not been reduced up to the present time, as far as my knowledge goes.

255. At question 3779 before, the same Committee, Mr. Page is asked to state what other railways receive high rates of charge. In reply he says : " I think the highest payment which I can quote to any Company in England is paid to the Chester and Holyhead which amounts to 5s. a mile for the night and day mail trains." And being asked what is the actual sum, he says : " We pay an annual sum of £30,000 which on calculation comes nearly to 5s. a mile for each train." And he is then asked, " is that an ascertained fixed sum," to which he answers : " That £30,000 a year was a fixed sum to be paid for five years, which five years expired last March, and it will be continued or not according to what the earnings of the Company have been."—Do you think that a correct statement of the arrangement between the Government and the Chester and Holyhead Company ?

If 5s. a mile is paid to the Chester and Holyhead Railway, that is about 3s. a mile more than the average paid to other English Railways. In regard to the rate having to be reduced in proportion to the earnings of the road, I see that in

the estimates submitted to the English Parliament for the conveyance of mails by railway during the year 1863-64, the item for the Chester and Holyhead Railway is entered at £30,200. Mr. Page's evidence in 1855 as to anticipated reduction in the rate of payment has not therefore been realized.

By Mr. WICKSTEED:—

256. In a former part of your evidence you have stated the average earnings, per train, per mile, on your railway, from the half yearly report. It appears from that same report that the net profits of the Company do not enable them to pay interest on all their capital. What percentage would require to be added to the average earnings of each train, in order to enable them to pay 5 per cent on their whole capital of all kinds, supposing the expenses of the Company not to be in any way increased, but the receipts only?

About fifty per cent on the gross earnings.

By THE CHAIRMAN:—

257. The earnings of the passenger trains might be doubled without any increase of expense?

Yes, without any material increase.

Mr. Brydges being informed that he may add anything that he may wish, states that he has nothing at present to add to his evidence. He hands in the tariff mentioned in question 188. (*It is inserted above, next after the agreement which follows the answer to question 176.*)

Mr. Griffin states that he has no questions to put to Mr. Brydges.

C. J. BRYDGES.

28th February, 1865.

The Honorable JOHN SANDFIELD MACDONALD, sworn and examined:—

By THE CHAIRMAN:—

258. You were Attorney General for Upper Canada and Premier of Canada in 1863,—were you not?

I was.

259. Mr. Brydges states in his answers to questions 49 to 63 as follows:—"49. Was the alteration so made in May, 1863, made in pursuance of a requisition from the Post Office Department?—Not any requisition in writing, but in pursuance of frequent personal discussions between myself and the Postmaster General, Mr. Foley, and the leader of the Government, Mr. Sandfield McDonald. They asserted the right of the Post Office Department to have trains run to suit the Post Office, which I was always ready to run upon fair payment being made. The result was that I agreed to put in force the time table of May, 1863, and they promised that the question of the payment to be made should be settled by the Government without delay.—50. Then there was no Order in Council and no written requisition from anybody to the Company requiring them to alter their trains up to May, 1863?—No.—51. When were the trains altered?—On the eighteenth of May, 1863.—52. What was the alteration then made?—The changes made in May, 1863, were that a train was put on between Montreal and Quebec at night

each way, to run in connexion with the day trains between Toronto and Montreal, and that a night train was also put on between Toronto and Montreal each way.---53. The alteration made on the 18th May, 1863, has practically continued to the present time?---Yes. No alteration was made in consequence of the order in Council of August, 1863.---54. Do you mean to represent that but for the requests and promises made as you have stated in April or May, 1863, the alterations which you made would not have taken place?---Certainly.---55. Did you consider the alterations then made beneficial to the Company, or otherwise?---I consider they were injurious to the Company, and I would not have made them were it not for the request and promises of the government.---56. Do you think that trains between Toronto and Quebec, broken at Montreal, in the way described, (that is, remaining there over night,) would suit the passenger traffic of the Company as well as the present arrangement?---Undoubtedly. If I were not hampered by the requirements of the Post Office Department, I should run day trains only between Toronto and Montreal, and Montreal and Quebec.---57. Your passenger traffic has very much increased since you became Managing Director?---Yes. The number of passengers for the half year ending June, 1862, was 331,277; for the half year ending June, 1864, there were 523,284.---58. Can you state the proportion between through and local passengers?---The increase of through passengers for the period above stated has been about 43,000, and for local passengers about 147,000.---59. Do you not think that a change to the system which prevailed between January and May, 1863, would be injurious to so large a passenger traffic as you have described?---It would not. I would make the change to-morrow were it not for the Post Office Department.---60. Were there any alterations made in the trains West of Toronto, in accordance with the requisition of the Postmaster General and Mr. Macdonald, in May, 1863?---A double service between Toronto and Sarnia to meet the double service between Toronto and Montreal was put on.---61. Was that change made to suit the Post Office, or your own passenger traffic?---Not exclusively to suit the requirements of the Post Office.---62. Irrespective of the request of the Postmaster General and Mr. Macdonald, would you have made that change for the purposes of your own passenger traffic?---Not to the same extent that it was made.---63. Are you clear that the request of the Postmaster General and Mr. Macdonald, extended to that portion of the road West of Toronto, as well as to that East of Toronto? I am."—State if you please your recollection of what occurred on those occasions?

I think when the MacDonald-Sicotte government came into power in 1862, we found, I think, two trains running daily between Montreal and Quebec. That government annulled the reference to arbitration of the Postal differences between the Grand Trunk Company and the Government, which had been ordered by our predecessors. Mr. Brydges, Mr. Watkins and others connected with the Grand Trunk protested, as well in writing as verbally, against the course the Government had adopted. I was myself frequently assured that unless additional assistance, some way or another, was given to the Grand Trunk, that it was questionable whether the road could be kept open. I insisted that the arrangements that were in force in regard to the compensation for the postal service ought to be regarded as sufficient, which Mr. Brydges has often denied. Some time, I think in November 1862, a change was made, either in the time of running or in the actual withdrawal of one train, which inconvenienced to a very great extent the facilities of the public theretofore enjoyed in regard to postal accommodation. The Postmaster General, Mr. Foley, was directed to call the attention of Mr. Brydges to this change, which

had been effected without the slightest notice, as far I knew, being given, unless perhaps a short notice to the Post Office authorities that the mail might be sent by the altered train. It struck me and my colleagues at that time that this was one of the means by which the Government was intended to be forced into a compliance with the demands of the Company—and we were unwilling to yield to any increased outlay that was asked for pending the preparations we were making for Legislative action in reference to a mode by which the difference between the Government and the Grand Trunk might be submitted for arbitration by law. It is true that Mr. Brydges upon all occasions expressed his willingness to afford the Department any facility in his power to forward the mails, but that he must be specially directed by the Department to do so—and for which a special rate or compensation would be demanded. If I recollect well, the Postmaster General refused to give any directions—at all events it was the decision of the Government that we should abstain from assuming to control the running time on the Grand Trunk by any Departmental or verbal directions. Mr. Brydges, on being told by myself that it was strange that whilst our predecessors were in office no change in the running of the trains to Quebec, such as had recently been made by him, had occurred, and that it was only, I supposed, because a change of Government had taken place, that he exercised the right to alter the trains, replied that the late Government had shown a disposition to deal with the question, by referring to arbitration the question of remuneration, and the hopes entertained by the company of a favorable result from that reference led them to continue, though at great disadvantage to themselves, the running of the trains up to the time of the alteration, and that it was only in self-defence that he was forced to make the alteration. I have already said that he always pressed, in fact invited me, to cause instructions to be given him to order the trains to be altered to suit the Post Office requirements, with which he would cheerfully comply. A Bill was brought in, in the spring session of 1863, by which a mode of settlement was to be adopted in reference to the Postal compensation to the Grand Trunk. That measure was not carried into law, owing to a decision arrived at that the Government should themselves consider the question of compensation to the Company. Mr. Brydges was constantly urging me to see that the matter was taken up by the Government or by the Post Office Department, as the Company's affairs were getting into a worse condition. The dissolution of Parliament and the subsequent elections prevented our taking up the matter as early as we desired. It was during some portion of the intervening period that I must have conversed with Mr. Brydges in relation to the continued inconvenience to the public arising from his change of the train which had been remonstrated against by the Postmaster General months before. I may have told him that his chance of making out a good case against the Government was not likely to be enhanced by punishing the public in the way he had taken in altering the trains, and that I thought it was far better for the interests of the Company to put themselves right with the public who were very jealous of the repeated attempts of the Grand Trunk to obtain more money from the public chest, or words to that effect. Mr. Brydges, on that occasion as upon all others, reiterated his willingness to alter the time of running to increase mail accommodations, on being directed to do so. As I knew the policy of the Government was not to control or to assume to control the running time on the Grand Trunk, which would give Mr. Brydges the advantage he desired, to press for additional compensation, I studiously avoided, and actually refused to give any instructions; nor did I promise any compensation directly or indirectly beyond what I have already stated as a suggestion to him to meet the public prejudice.

It is true that Mr. Brydges was aware that the members of the House generally, who had confidence in the Government, had expressed a decided preference in the question being taken up by the Government rather than by the Legislature, as proposed---and a very considerable number of the supporters of the Government suggested a margin for the action of the Government up to \$150 per mile, others \$140, others \$130, and some \$100. The highest figure was to include side service and the conductors. Mr. Brydges may have been induced to make the alterations in May, 1863, by the expectation that a more favorable allowance to the Grand Trunk might flow from the reconsideration of the question.

260. Then I would understand you to say, that you did not direct or request a train to be put on between Montreal and Quebec at night, each way, to run in connection with the trains between Toronto and Montreal?

Unless my complaining to him that the change which he had made was a very inconvenient one, may be construed as a request. I gave no directions.

261. Or a night train between Toronto and Montreal, each way; these are the alterations said to have taken place?

Certainly not.

262. You have said that the settled policy of your Government was not to control or assume to control the running of the trains on the Grand Trunk Company. Keeping that in view, do you think it possible you could have directed the material alterations in the running of the trains of which Mr. Brydges has spoken?

I could not; and I further state that I frequently told the Postmaster General to be very careful not to commit himself verbally to any arrangement which was contrary to his official communications to the Grand Trunk.

263. Have you any recollection of requiring or requesting an alteration in the service West of Toronto?

Never; that question was never brought under my notice, to the best of my recollection.

BY MR. BRYDGES---

264. You said that it was the settled policy of your Government not in any way whatever to exercise any control over the running of the trains, and that you particularly cautioned the Postmaster General not to do in private conversation that which he was not to do officially?

The government never ignored their right to control the time of running of the trains, which the law enabled them to enforce; but I repeat that it was not the policy of the government to exercise that power from the time when it assumed office, to the period of my retiring therefrom.

265. Well then, I understand you to say that the government, in fact, never did, whilst you were the leader of it, give any directions to the Company officially upon the subject.

Not that I am aware of or now recollect. I mean, in the sense in which Mr. Bridges desired we should do.

266. Will you be good enough to listen to the following letter addressed to me officially by the secretary to the Post Office Department, on the 16th September 1862, and say if that letter is not an official order to run trains in a particular way.

“ POST OFFICE DEPARTMENT,

“ 16th September, 1862.

“ Sir,

“ Referring to the remonstrance addressed to you by the Postmaster General, on the 28th ultimo, against the daily detention of the Western Mails, at the Montreal station, on their way to the seat of Government, which has been suffered since the 3rd instant, I am directed by the Postmaster General to observe that he views this dislocation of the trains, on which he is obliged to rely for these important mails, as a contravention of the implied contract under which the mails are, by statutory provisions, carried by the Grand Trunk.

“ It cannot be right or in accordance with the intention of the Statute that a Railway having the Mails in its charge under conveyance, between two cities on its line, embracing the most important mail route in the Province, should notwithstanding the Postmaster General's representations and remonstrances, undertake to break up the arrangements for their transmission, and detain these mails daily, at any intermediate station, for no less than 17 hours.

“ The Postmaster General directs me to call upon you to provide continuous conveyance for the mails on the Grand Trunk Line between Toronto and Quebec, so that the Railway Mails from either City, may be carried through and delivered at Quebec and Toronto respectively, without detention, at any intermediate point, other than the necessary stoppages for exchange of mails and ordinary purposes at the way stations.

“ (Signed,) WM. WHITE, Secretary.

“ C. J. BRIDGES, Esquire,

“ Grand Trunk Railway, Montreal.”

I am not aware of such a letter having been written. It must have been intended more as a suggestion pointing out the inconvenience to the public than a positive order. That it was not regarded as a positive order by Mr. Brydges himself is proved by his refusal to obey what the law pointed out to be done by him when requested to perform particular services.

267. The question was not as to the construction I put upon the letter, or what was done under it, but whether it, and particularly the words “the Postmaster General directs me to call upon you to provide continuous conveyance for the mails on the Grand Trunk Line between Toronto and Quebec,” was not a positive official order to run trains in a particular way for the accommodation of the Post Office Department?

I adhere to the terms of my last answer; in my opinion it was more a suggestion than an order.

268. Are you aware that on the 11th December, 1862, a letter was addressed by Mr. Griffin to me, officially, stating that it was written by the direction of the Postmaster General, again requiring certain specific trains to be run, in which he entered more into detail of the service he required to be performed, and in which amongst other things he says: “In the present arrangements for the running of trains between Montreal and Toronto the Postmaster General is willing to acquiesce, provided there be a regular service performed each way daily. From Toronto to London he demands a continuous service, so that correspondence and other mail matter from Montreal and other intermediate places be forwarded westward forthwith on the arrival of the Trains at Toronto, and that the mails

from London and the stations intervening may reach Toronto so as to connect with the morning Train from that city eastward. He requires that the mails shall leave Montreal for Quebec on the arrival of the train from the west, and that the mails westward from Point Levi shall not leave earlier than 4 o'clock, on each afternoon, and arrive at Montreal in time to connect with morning train thence westward. The mails may be conveyed as at present westward from London and eastward of Point Levi. From Montreal to Portland the Postmaster General demands the running of a train weekly, immediately on the arrival of the Ocean Mail Train from the west, so as to reach Portland in time for the departure of the steamer on her regular voyage; and in like manner a train from Portland to Montreal, leaving Portland immediately on the arrival of the Ocean Steamer for Europe.—Is not that a positive order from the Post Office Department, to run trains, not only in a certain general way, but at specified hours?

The letter speaks for itself. I repeat that the policy of the Government, as I have already mentioned was to leave the Grand Trunk to its own discretion in regard to running trains, but remonstrating the while against the change which inconvenienced the community.

269. I presume there is a difference between suggestions and directions, and that where the letters direct or order certain things to be done, that such language does not come within the ordinary meaning of a suggestion?

The letter speaks for itself.

270. Then the settled policy of the Government as you have explained it was never altered?

Not that I am aware of.

271. Do you consider a Bill introduced by a member of the Government pledges the Government of which he is a member to the policy set out in that Bill?

Yes, but it should not be held as definitely to be adhered to until it becomes law.

272. A Bill was introduced into Parliament on 18th March, 1863, by the Postmaster General, about arbitration of railway postal service, &c., and such Bill was a Government measure, was it not?

It was.

273. You admit that this is a copy of the Bill?

I take it that that is the Bill.

274. In that Bill I find the following clauses: "As respects all Railways already made or in progress or to be hereafter made in this province, the Postmaster General, by notice in writing under his hand, delivered to the Railway Company, may require that the mails and officers of the Post-Office accompanying the mails or otherwise shall be conveyed and forwarded by any such railway either by the ordinary trains or by special trains, as he may desire, at such hours or times in the day or night as he may direct.....; and provided also that should the Postmaster General at any time require the daily running of a train or trains at different hours from those ordinarily run by the Railway Company at the time, he shall give seven days previous notice of such requirement."—Do not these clauses show that the policy of the Government was to make such orders in regard to the running of trains as might suit their requirements, and not be contented with using the trains the company might run?

I answer that as we were about to legislate anew in respect to postal service and the mode of arriving at compensation, therefore it was deemed necessary to

define more particularly than what was contained in any previous law, the mode in which the services should be performed, and the obligations of the company to perform their part. It had no reference to the then existing policy or arrangements.

275. But the Bill distinctly says that the Government is to have the right of fixing the trains, and that was the policy contained in the Bill?

Part of the policy contained in the Bill.

276. The Bill never became law?

The Bill never became law, public opinion was against it, it had to be abandoned.

277. At the close of the session of 1863, about the end of April or beginning of May, you and I had discussions about the matter, and those discussions resulted, after strong requests from the Postmaster General and yourself, in my agreeing to put on trains to suit the requirements of the Post Office Department, you promising to have the matter of remuneration settled before the then coming elections;---was not that the case?

I have already stated, in my examination in chief, the extent and substance of all the conversations I had with Mr. Brydges. At the end of that session the Postmaster General, Mr. Foley, resigned, so that he could have made no such promise at that time; I have no recollection whatever of any change having been then made in the running of the trains, specially for the purpose of meeting the requirements of the Department.

278. On the 6th May 1863, I addressed a letter to Mr. Griffin, Deputy Postmaster General in the following terms:

“ GRAND TRUNK RAILWAY OF CANADA,

“ MANAGING DIRECTOR’S OFFICE,

“ Montreal, 6th May, 1863.

“ DEAR SIR,---Referring to our discussions on Saturday last, when Mr. Sandfield Macdonald and Mr. Foley were present, I now beg, in accordance with my promise, to put on paper the times at which the trains upon this railway will run during the coming summer, commencing on Monday, 18th May:

WEST OF MONTREAL.

Eastward

“ Leave Detroit (Chicago time) at.....	6.10 a.m.	6.10 p.m.
“ Leave Sarnia (Toronto time) at.....	9.20 a.m.	9.15 p.m.
“ Arrive Toronto (Toronto time) at.....	4.20 p.m.	5.30 a.m.
“ Leave Toronto (Montreal time) at.....	5.15 p.m.	7.00 a.m.
“ Arrive Montreal (Montreal time) at.....	9.00 a.m.	10.30 p.m.

Westward.

“ Leave Montreal (Montreal time) at.....	7.30 a.m.	6.00 p.m.
“ Arrive Toronto (Montreal time) at.....	11.15 p.m.	10.00 a.m.
“ Leave Toronto (Toronto time) at.....	11.15 p.m.	10.00 a.m.
“ Arrive Sarnia (Toronto time) at.....	5.50 a.m.	5.25 p.m.
“ Arrive Detroit (Chicago time) at.....	8.30 a.m.	8.10 p.m.

EAST OF MONTREAL.

Eastward.

" Mixed train from Montreal to Island Pond at.....	8.30 a.m.
" Express from Montreal at.....	3.30 p.m.
" Arriving at Quebec at.....	10.00 p.m.
" Way train from Montreal at.....	5.00 p.m.
" Arriving at Island Pond at.....	12.00 midnight
" A mixed train will leave Richmond for Point Levy at...	4.30 a.m.
" Arriving at.....	12.00 noon.
" A freight train will leave Montreal at.....	11.00 p.m.
" Arriving at Richmond at 4.00 a.m., and by this train through-bags for Quebec can be taken from the Western train arriving at Montreal at.....	10.30 p.m.

Westward.

" Express train from Point Levy at.....	3.30 p.m.
" Arriving at Montreal at	10.00 p.m.
" Mixed train from Point Levy at	6.00 p.m.
" Arriving at Richmond at	1.00 a.m.
" Mixed train from Island Pond at	9.00 p.m.
" Arriving at Montreal in time to connect with day train West, at.....	7.00 a.m.
" This train will pass Richmond at 2.00 a.m., and can take mail matter from Quebec line to the day train from Montreal West.	
" Way train from Island Pond at.....	7.00 a.m.
" Arriving at Montreal at	2.00 p.m.

By the foregoing arrangements there will be two daily continuous trains between Detroit and Montreal, and trains between Montreal and Quebec, making direct connections between the latter city and every post office to the west of it, without delay at any point.

" I hope that the extent of our traffic, and the arrangement of the Postal question, will justify our continuing this large amount of accommodation both to the public and the Post Office Department.

" The changes I have mentioned will go into operation on the 18th instant.

" Yours truly,

" (Signed) C. J. BRYDGES.

" W. H. Griffin, Esq.,

" Deputy Postmaster General, Quebec."

—Was not that arrangement of trains made at your request and upon your promise that the rate of payment should be settled before the elections?

I have no recollection of the changes at all that are set forth in that communication, and I repeat that any promise to take up the question of Postal compensation, by the Government, prior to the elections, had no reference whatsoever to any change which may have been contemplated by the Company in regard to the running of their trains.

279. Was the letter which I have just read to you, stating that the changes would be made in accordance with our consultations, ever objected to as being incorrect as a matter of fact?

I have no recollection of having ever seen the letter or having been consulted in reference thereto.

280. Did you not make positive promises that the rate of payments should be settled by the Government before the then elections came off?

I cannot deny that such a promise was made by me, that is, that the Government should take the matter up with the view to a settlement before the elections, and it was my sincere desire to carry out that promise. The reason for its failure was that seven of my colleagues left the Government before the prorogation of the house, or immediately upon the prorogation of the house, and having a permission of His Excellency, I invited other gentlemen to take their places; I found it impossible to procure their consent to enter into the investigation, they being unwilling to assume any responsibility in respect to matters which involved the moneys of the Province before they were duly elected by their constituents. The matter was subsequently taken up by Mr Mowat, the successor of Mr. Foley, as Postmaster General, as will be seen by his official report.

281. Did you not tell me, after the resignations you have referred to, that it was quite understood by those who were coming into the Government, after some meeting of your supporters, that the question was to be settled before the elections?

I have no recollection of having said so, but I repeat again, that I was urging the settlement upon my colleagues, on the ground that I had, before they came in, made a distinct promise that the question should be taken up at an early day and before the elections, but I failed to induce them, for the reasons already mentioned; I have no doubt that Mr. Brydges had the impression left on his mind, from conversations with me, that my new colleagues would enter upon the task before the elections.

282. In point of fact the promises which were made, and upon the faith of which I contend that the changes in the trains were made, the changes of trains and promises being contemporaneous in point of time, were not carried out, were they?

The promises were not carried out. I deny that the changes of the trains, if any were proposed, had any effect upon the intention of the Government in relation to the postal question.

283. Did I not press you in the strongest possible manner to carry out the promises which had been made, both verbally and by letters.

I did receive letters on the subject. No one could have laboured more assiduously than did Mr. Brydges from the first day that I entered the Government until I resigned, covering a period of nearly two years, to urge upon the Government the importance of their claim for postal compensation being recognized.

284. Do you recollect receiving from me a letter, dated 23rd October, 1862, of which the one now produced is a copy marked J?

[COPY.]

“ GRAND TRUNK RAILWAY OF CANADA.

“ *Managing Director's Office.*

“ Quebec, 23rd Oct., 11 o'clock P. M., 1862.

“ My dear Sir,

“ I have just arrived here from Montreal, notwithstanding a message which I received to day from Mr. Foley, to say that he would not be prepared till Tuesday next, to report to Council on the Post Office matter. I must ask you as the Head of the Government, seriously to consider the position in which this matter is placed.

"Before you all went west with Lord Monck, you promised that as soon as you returned this question should be brought to an issue, and Mr. Foley whom I saw, before you went away, said he would be ready to close the matter within a month from that time. That is now nearly six weeks ago.

"I saw Mr. Foley last week, the day after the Governor General returned, and on Friday last Mr. Foley wrote me expressing his regret that he could not complete his report that week in time for me to communicate by that week's mail with England, but saying "you can however count upon being able to do so certainly by the next subsequent one." I saw both Mr. Foley and yourself on Saturday last, when the same thing was repeated, and I communicated the fact that a decision would be come to this week, by telegraph *viâ* Father Point last Saturday.

"It was arranged that I should come down here on Tuesday last, so as to have the matter disposed of by to-morrow at the latest.

"Just as I was starting from Montreal I received a message from Mr. Griffin, stating that Mr. Foley would not be ready till Thursday, and asking me to come down to-day.

"I replied to him (Mr. Foley) stating that I would certainly be here, and relied upon his promise to have the matter disposed of this week. I telegraphed you to the same effect.

"About an hour before the train left to-day I received a message from Mr. Foley stating that he would not be ready to report till Tuesday next, and asking me to defer my visit till Monday night.

"I determined to come down as previously arranged, and here I am.

"I ask you now, as a matter of importance both to this Company and to the government, to settle the matter this week according to promise.

"If this is not done I shall be placed personally in a very awkward position indeed, and it will give rise to suspicions in England which I should be exceedingly sorry to see aroused, and more especially as I understand Mr. Howland goes home on Saturday, and I am convinced that if he leaves Canada without the government having settled a matter of such great importance affecting the Department of which he is the head, it will be taken for granted in England that there is some reason not explained for delaying this matter and not carrying out the pledges, which I was authorized by Mr. Foley and yourself to give to my principals in England, that the matter would be disposed of this week without fail.

"Pray let me know at what hour I can see you in the morning.

"Yours very truly,

"[Signed,] C. J. BRYDGES.

"The Hon. J. S. MACDONALD."

I have no doubt I did.

BY THE CHAIRMAN :—

285. The letters of 16th September, 1862, and of 11th December, 1862, were not laid before you ?

They were not, so far as I remember.

BY MR. BRYDGES :—

286. So far as the Postmaster General may have required special trains to be run by those letters, he was acting contrary to the settled policy of your government ?

Yes ; as the policy of the Government was to use the ordinary trains of the Company, and not to require special trains, except for extraordinary purposes, such as running to and from Portland with the ocean mails.

287. Did you not, about the time referred to in my letter to Mr. Griffin of the 6th of May, 1863, or at any other time, tell me that if we did not run the trains to suit the Post Office Department, an application would be made to the Court of Queen's Bench at Toronto, for a Writ of *Mandamus* to compel us to do so ?

Mr. Brydges frequently assured me that the embarrassed condition of the Company would most likely cause the stoppage of the trains on the whole line, unless justice was done to it by the Canadian Government ; and added,---what shall then become of the Mail ? I was accustomed to reply, that we would run the risk ; and that whilst the road was in operation, I have no doubt having referred to the power which the Government could exercise in controlling the running of the trains, if they thought proper to use it, and that a *Mandamus* might be moved for, to enforce compliance with their orders. I did not allude to that process in any threatening sense.

J. S. MACDONALD.

WILLIAM HENRY GRIFFIN, Esquire, Deputy Postmaster General,
sworn and examined.

By THE CHAIRMAN :—

288. You are and have been for many years Deputy Postmaster General ?

Yes.

289. The arrangements of the practical details of the Department devolve upon you ?

They do. Since 1857, under the statute.

290. You have an intimate knowledge of the views of the Government for the time being and the several Postmasters General, in relation to the conduct of the business of the Department ?

Yes.

291. Has there been any settled view entertained in relation to the service to be required from the different railways, if so what has it been ?

The view has been that the Post Office should use such railway trains for mail purposes as were from time to time running, and according to the ordinary time-tables of the several companies.

292. Has that always been your own decided opinion ?

Always.

293. Have the several Governments, so far as you are aware, concurred in your view ?

Yes.

294. Have the different Postmasters General, so far as you are aware, concurred in your view ?

With but one exception, and that for a short time ; until the Postmaster General alluded to, the Hon. Mr. Foley, became convinced that the general policy of the Department had been the best.

295. It is said that in May, 1863, the Grand Trunk Railway Company altered the arrangement of its trains, upon the requirement or at the request of the Postmaster General and the Prime Minister of that day, putting on new trains between Montreal and Quebec, Montreal and Toronto and between Toronto and Sarnia.—Have you any knowledge of any such requirement or request ?

In the summer of 1862, the Grand Trunk Company, without reference to the Post Office, made new arrangements of their trains which operated very disadvantageously for the convenience of correspondence. The Postmaster General for the time being was of opinion, that this was done to coerce the Government into a compliance with the demands of the Grand Trunk Company, as to compensation for postal service by that railway. Acting under that impression, the Postmaster General addressed repeated remonstrances to Mr. Brydges, and went so far as to call upon him to run the trains differently, and in such a manner as would better accord with public convenience. To these demands Mr. Brydges replied that he would only arrange the trains with a view to the traffic interest of the Company, and would not adjust them to suit the Post Office, unless specially paid for the purpose. I remonstrated with Mr. Foley upon the impolicy of putting it within the power of the Grand Trunk Company, to make out a case of interference with their trains on the part of the Post Office, and, after much discussion, he admitted the correctness of the course, which the Department had as a rule pursued, of carefully avoiding all appearance of interfering with the running of Grand Trunk trains. I took occasion to call the attention of the Hon. John Sandfield Macdonald to the importance of the point involved in the matter; he concurred in my views, and told me that he would request the Postmaster General to abstain from addressing any more letters or requests, of a character that were so open to misconstruction, to the Grand Trunk Company, and no further letter of the kind was, I think, written after the 11th December 1862. That letter was dictated verbatim by Mr. Foley, very much in opposition to my judgment, for I had perceived that for some time past there had been a persistent endeavour, on the part of the Grand Trunk Company, to induce the Post Office to put the trains used for the mails in the position of what are called notice trains in England. I was present at the discussion to which Mr. Brydges more particularly alludes in his letter of the 6th May, 1863, notifying the change of trains to take place on the 18th of the same month. Much was said on both sides, as to the inconvenience of the then train arrangements, of the claims of the Grand Trunk Company with regard to compensation, and as to the desire of the Government, upon the failure of the attempt to settle the question of compensation by legislation in the session then drawing to a close, and of Mr. Brydges' expectation that he would be able to make such arrangements of the trains for the approaching summer as would better suit the convenience of the country in the transmission of correspondence; but there was no specific requirement made, to my knowledge, as to the running of the trains upon any particular arrangement.

296. Would such a material change as requiring the new trains described have taken place, according to the practice of the office, without your knowledge?

No. I did not know that any such requisition had been made, nor did I receive that notification as being the result of any such communication.

297. Were you made aware that the Grand Trunk Company had put on new trains between Toronto and Sarnia, for the accommodation and at the request of the Post-Office Department?

Certainly not, for we did not need such trains and did not make use of them. Shortly after the train arrangements of the 18th May had been notified to the Post-Office, Mr. Brydges remarked to me that we did not use the night-train west of Toronto. I told him---no. I supposed we did not need to use it. He repeated the observation to me some months afterwards.

298. When did the alteration of trains west of Toronto, of which you had notice on the 18th May, in fact take place?

The trains had run west of Toronto, substantially in the same way from the 16th February, 1863, as they were notified to run from the 18th May.

299. It is said that a resolution was come to by the Board of Directors of the Grand Trunk Railway Company, on the 17th August 1853, that the Company would carry mails by all its trains at the rate of \$110 per mile.—Was that resolution ever communicated to your Department, and when?

The first knowledge I had of the existence of that minute came to me during a discussion between the Postmaster General of the time being (Mr. Spence), Mr. Bidder, then manager of the Grand Trunk, myself, and I think the Honorable John Ross, in May 1855, when Mr. Bidder, having casually remarked that the Department was bound in some way to pay a rate of \$110 per mile to the Grand Trunk, the Postmaster General requested him to communicate to the department a copy of the contract or agreement, or whatever it was, by which the Department was alleged to be bound. The result was the receipt of a letter from the Assistant Secretary of the Company, dated 19th May 1855, enclosing an extract from the minutes of a meeting of the Board of Directors of the Grand Trunk, of the 17th August 1853. This letter stated that the Honorable Malcolm Cameron was present, and at the time assented in his official capacity to the terms proposed. The letter now produced by me and marked K is the letter to which I refer.

“ THE GRAND TRUNK RAILWAY COMPANY OF CANADA.

“ *Managing Director's Office,*

“ Montreal, 19th May, 1855.

“ Sir,

“ Having reference to a conversation between you, the Honorable John Ross, President of this Company, and other members of the Board of Directors, on Thursday last, on the subject of the Company's account against the Post Office Department for mail services performed, I now beg to hand you at the request of the President, an extract from the minutes of the meeting of the Directors in August 1853, at which the Honorable Malcolm Cameron, the then Postmaster General, was present and who at the time assented in his official capacity to the terms proposed in the resolution enclosed, viz: £27.10.0 per mile per annum---for every mile the mails were carried---the conductors in charge of the mails being conveyed free of charge.

“ I have the honor to be,

“ Sir,

“ Your most obedient servant,

“ JOHN M. GRANT, Asst.-Secretary.”

“ Honorable J. SPENCE,

“ Postmaster General,

“ &c., &c., &c.

“ Quebec.”

“Extract from the minutes of a meeting of the Board of Directors of the Grand Trunk Railway Company of Canada, held at Quebec, 17th August 1853.

“*Present* : Honorable JOHN ROSS, in the Chair,

“ JAMES MORRIS,

“ F. HINCKS,

“ M. CAMERON,

E. F. WHITTEMORE, Esquire,

Colonel TACHÉ,

Honorable PETER MCGILL,

B. HOLMES, Esquire,

W. H. PONTON, Esquire,

Captain RHODES.

“*Resolved* : That the Postmaster General be informed that this Company is willing to convey mails by all the ordinary trains running on the Railway, at the rate of £27 10s. per mile per annum, including in this charge the conveyance of a conductor sent in charge of the Mails.”

“True extract,

“JOHN M. GRANT,

“19th May, 1855.”

300. Did the Government or the Post Office Department assent to the proposition of the Grand Trunk Railway Company contained in the resolution of the 17th August, 1853?

The department first sought information as to whether anything had been done which should in equity be held to imply an agreement or contract. The Hon. James Morris had been succeeded, as Postmaster General, by the Hon. Malcolm Cameron, on the very day of the date of the minute. On being appealed to, Mr. Cameron stated that if there had been any arrangement it was of Mr. Morris' making, while Mr. Morris repudiated the idea that he had in any way made the Government responsible for the payment of any such rate; he declared the rate to be in his opinion an extravagant one and urged the Postmaster General to resist its being imposed upon the Government. The Department then refused to admit that it was bound by the resolution of the Grand Trunk Board, which did not affirm a contract or agreement, but simply notified its willingness to accept a certain rate for the conveyance of the mails. The department did not pay the rate. The mails were sent, but it was considered that they were sent under the authority of the statute, to be paid for as the statute directed, and not as under the alleged agreement. It was not considered that the intimation of the rate the Grand Trunk was disposed to charge could bar or foreclose the operation of the statute, as regards the rate to be paid to that as to all other railways. This view was first pressed upon the Grand Trunk, in the long and frequent discussions that subsequently took place between the Department and the Grand Trunk representatives. The first payment was made on the 15th June, 1855, on, I think, the first application from the Grand Trunk. Subsequent payments were made on account, during the years 1856, 1857, 1858 and 1860, always keeping within an estimate rate of about \$70 per mile. On 24th December 1860, an Order in Council was passed, setting forth that large sums were due by the Grand Trunk and other railways to the Province, for loans and railway inspection fees, and directing that any amounts due to the Grand Trunk and Great Western railways for postal service should be paid over to the Receiver

General and placed to the credit of their accounts with the Province. In pursuance of this order, the Department proceeded to make up the Grand Trunk Railway account to the 31st December 1860. It was intimated to the Department that the Government was willing to wave the right, it conceived it possessed, to object to the rate claimed by the Grand Trunk, of \$110 per mile per annum, for such period as might have elapsed up to the passing of the Order in Council of September, 1858; that for the subsequent time the decision of that order as to rate, was to be maintained; but preserving the principle intact, the Government desired to deal as liberally with the Grand Trunk Railway in this settlement of accounts, as circumstances would permit, giving the most generous construction to all the incidental questions of amount of service. Upon this basis, as the Grand Trunk accounts had always been rendered for quarterly periods, ending 5th January, &c., the whole charge of the Grand Trunk Company, up to the 5th October, 1858, at \$110 per mile, was placed to its credit. Then credit was given from the 6th October, 1858, to 31st December, 1860, allowing that a double service, once by night and once by day, had been performed throughout the line, for the equivalent payment at the rate of \$70 per mile per annum, for such double service. The Company was also credited with such amounts as it had charged for special service. The result was a balance of \$113,144.89, as due to the Railway, which was paid over to the Receiver General, as directed by the Order in Council.

Mr. Griffin's examination resumed.—1st March 1865.

Mr. Griffin desires to add the following to his statements of yesterday :

It is very possible that other discussions took place at the time between the Government and Mr. Brydges, at which I was not present. I can only speak as to the conversation particularly adverted to in Mr. Brydges' letter of 6th May 1863, in which conversation he promised to communicate the scheme which he intended to adopt for the summer running of the Grand Trunk trains.

With respect to the letter of the 18th August 1853, signed by C. P. Roney, then managing director of the Grand Trunk Company, addressed to the Hon. Malcolm Cameron, then Postmaster General, I wish to say that, to the best of my knowledge, I read it for the first time in Mr. Brydges' evidence before this Commission. Such a letter was never on file in the Department, nor was any copy of it sent, nor the letter itself alluded to, when in May 1855 a copy of the minutes of 17th August 1853 was transmitted to the Department on the Postmaster General of the time intimating that the Department had no knowledge of that minute having passed, or of the existence of any agreement in connection with it. That letter, I observe, does not state that an agreement had been entered into or assented to by the Postmaster General of the time, on the previous day, but is a simple notification that the Company was willing to enter into an engagement.

301. Prior to September 1858, the Governor in Council had the subject of postal remuneration under consideration, with a view to settling a rate;—had the Grand Trunk Railway Company any notice that the subject was being discussed, prior to the order in Council of the 18th September 1858?

There were, as before stated, long and frequent discussions with the representatives of the Grand Trunk Company, with the view to come to an agreement as to what would be a fair postal rate, and it was always a point in these discussions that unless this rate could be agreed upon between the Postmaster General and the Company, it would have to be prescribed by the Governor in Council.

It was considered that the Governor in Council was authorized by the statute to fix such a general railway rate, as to him might seem just and expedient. No general railway rate could have been fixed by the Governor in Council if it had been an essential preliminary that some particular form of procedure should have been adopted in connection with the then existing railways. The case made out by one railway would not have bound another, nor have, upon that basis, provided for the contingency of other railways coming into operation in the future. In fact, each railway would have required the fixing of a separate and distinct rate by order in Council. It was further considered that the case was closely analogous to the provision in the imperial statute for the conveyance of mails and letter bags by merchant ships; every ship-master is under an obligation to receive and convey all letter-bags offered to him by the Post Office, at such rate of compensation as the Lords of the Treasury may from time to time direct. It was not thought that it could be necessary or within the meaning of the statute, that before exercising this power the Lords of the Treasury were under any obligation to determine what the rate should be upon any other principle than the dictation of their judgment. It was moreover thought that the power given to the Governor in Council to absolutely determine the postal railway rate, was a condition expressly intended by the Legislature to be attached to the grant of a monopoly of transport to the railway.

302. I understand you then to admit that the Grand Trunk Railway Company had not notice that the question of the postal rate was under the consideration of the Governor in Council, before the order in Council of September 1858 was passed?

It is stated in the Grand Trunk case that the President for the time being had knowledge that the matter was before the Council, he being a member thereof, and that he contended against the adoption of the rates which the Council fixed. But I am not aware that any official notice was sent to the Company.

303. There was no official notice to the Company that the Government considered that the rate claimed by them (\$110 per mile) was excessive; and that they proposed reducing it, and the Company was not invited to maintain its right to the higher rate?

The rate claimed by the Grand Trunk Company of \$110 per mile, and the right of the Grand Trunk Company to say what the rate should be, had always been rejected by the Government; and the frequent discussions between the Grand Trunk and the Government mainly turned upon that point, that the Government thought the \$110 per mile claim an excessive charge, but was not disposed to fix what the rate should be until the railway system of the Country had taken further development, though meanwhile willing and desirous of coming to an agreement with the Grand Trunk Company at what the Government thought a fair rate. The Grand Trunk was not open through to London until September 1858. During these discussions the Grand Trunk was informed that pending the decision by the Governor in Council, in the event of a mutual agreement not having been previously arrived at, payments would be made on account, within the rate of charge which, in the course of these discussions, the Government maintained to be an equitable rate of compensation for railway service. Sums were so paid from time to time on account, with a full understanding by the Grand Trunk of the basis on which they were made.

304. The attempts of the Postmaster General to induce the Grand Trunk Company to enter into a contract, upon terms which the Department deemed reasonable, having failed, Mr. Smith, then Postmaster General, undertook the settlement of the rate upon his own view of what was just; but, if I understand

you rightly, he did not notify the Company that he was about to take that step, or invite them to maintain their claim before him.

There was no notice so far as I am aware of, further than that the President of the Grand Trunk road was a member of the Government, and in constant communication with the Postmaster General upon the subject of the Postal rate.

305. Mr. Smith proceeded to consider what would be a just rate, with your assistance, and the Government adopted his views, and the order of the 18th September, 1858, was passed in Council?

I have described, in my second Memorandum, the steps which we took to arrive at a just rate; our desire was that the railways should be paid fairly, nay liberally, for their service. The rate which was then fixed seemed to us just, and I have not yet seen the data upon which we proceeded in any respect disproved.

306. After the reference to arbitration had been withdrawn, Mr. Mowat, the then Postmaster General, took the matter up and had it under consideration, I believe, for several months.---Is not that so?

Yes.

307. Had the Grand Trunk Company notice that the Postmaster General was engaged in this inquiry?

Yes, as will be seen by the letters and memoranda from Mr. Brydges, dated for the most part in July, 1863, and appended to Mr. Mowat's Report.

308. Beyond the notice to be inferred from the documents to which you refer, was there any official notice given to the Company, and was the Company called upon or authorized to substantiate its claim to the higher remuneration to which it considered itself entitled, before the Postmaster General?

As on former occasions, when the matter had been taken up, the communications between the Postmaster General and the Grand Trunk representatives were mostly of a verbal character. There was not I think any formal notification.

309. The Grand Trunk Company at that time claimed, I believe, a very large sum, much beyond \$110 per mile. They were not required, were they, to establish the grounds upon which they rested this claim?

Yes. The object of Mr. Brydges' discussions with Mr. Mowat, and of the memoranda, was to show that the Grand Trunk was entitled to some very high rate of compensation. Mr. Brydges did not, I think, definitely fix a sum, but spoke generally of a rate of several hundred dollars, per mile, per annum.

310. The Grand Trunk Company were not in fact called upon to adduce evidence of the truth of their allegations in the various memoranda submitted to the arbitrators, the Government, and the Postmaster General?

Mr. Mowat, I think, accepted their statements as being such evidence as they had to adduce upon the subject.

311. Are you aware of the circumstances under which the order in Council of the 12th August, 1863, was passed?

Yes. I was present at the discussion by the members of the Government on which the order was founded. It was considered by the majority of the members of the Government that, instead of fixing a rate in the manner recommended in Mr. Mowat's report, the rate of payment should be so framed as to hold out an inducement to the Grand Trunk Company to give continuity of service between Quebec and Toronto, by one through passenger train, and also to run a second passenger train on certain sections of the road between Quebec in the East and London in the West. No particular service was prescribed, but if the Company gave the service contemplated by the order in Council it would receive the rates of payment therein provided.

312. When was Mr. Mowat's report first communicated to the Grand Trunk Railway Company?

I cannot say.

313. Is the service performed by the Grand Trunk Railway Company, West of Toronto, as important as that between Toronto and Quebec?

In the order of relative importance, I would class first from Stratford to Montreal; second, between Montreal and Island Pond and Quebec; and third, the sections West of Stratford and East of Quebec.

314. You rank then those portions of the road, West of Stratford, and East of Quebec, as being of the same importance?

Yes, to the Post Office.

315. Do you send through mails west of Toronto, by the Great Western, as well as local?

Yes.

316. It is not important, then, to the Post Office Department that it should be enabled to send the through mail between Toronto and Detroit by the Grand Trunk Company trains?

No.

317. The use of the road, then, West of Stratford is not of much importance to the Post Office?

Not of so much importance as the other sections.

318. Have you the returns of the weight of mails passing over the different railways used by the Post Office, called for some time since?

I have not yet received those returns, and hope to have them for Saturday next.

319. Would you be so good as to state the general nature of the services performed by the Railways in the United States for the Post Office Department of that Country?

I have taken pains to keep myself informed upon this subject for the last 30 years, and in my Memorandum furnished to the Commissioners, beginning with the third paragraph on page 4, and ending with the first paragraph on page 6, I have in substance answered the question put to me, and I believe the statements there made to be true---which are as follows:

“The description of conveyance given by the American Railways to the Mails is more analogous to that given by Canadian Railways, than the service had by the English Post Office from the Railways of the United Kingdom, and it is natural to expect therefore that the rates paid in the United States would afford a more useful standard for comparison with the Canadian rates, and it becomes the more necessary to examine carefully the references made to the United States Postal rates, and estimate the relative value of the services given by the American and by the Canadian Railways, particularly the Grand Trunk, for the rates respectively paid to them.

“As remarked by the Honorable Mr. Mowat, on page 58 of his Report, there is, however, such an absence of uniformity in the prices paid to American Railways for apparently similar classes of service, and the Postmasters General of the United States have so repeatedly declared their convictions that the defect in their Law, leaving it optional with American Railways to carry the Mails on their trains, had led to the enforcement by the Railways in many instances of exorbitant prices, that it becomes extremely difficult to draw exact conclusions from the American Post Office Returns of Railway payments and services. We know sufficiently well what the services in each case are, and what the rates paid are, but unfortunately the want of uniformity in the relations

between them, embarrasses the attempt to compare any combination of service and rate, with the service and payment on a Canadian road.

“The Grand Trunk Memorandum notices that by Act of Congress the Postmaster General is directed to divide the Railroad routes into three classes and not to pay more than \$300 a mile per annum for Mail transportation to the 1st class Railroads, \$100 a mile to the 2nd class, and \$50 per mile to the 3rd class, and then goes on to remark that it is obvious that the specification of first, second, and third class must mean with reference to the importance which the particular line of Railway bears to the District of Country through which it passes, but this idea is not well founded, for the Act of Congress lays down the definitions of what is to govern the Postmaster General’s judgment, and says : *that the division into classes shall be according to the size of the Mails, the speed with which they are conveyed and the importance of the service*, that is to say, in proportion to the amount and value of the work actually done by the Railway in Mail Carriage.

“The singular misconception is then re-asserted, which has before appeared in Grand Trunk Railway Statements, that the American rate of payment to the 1st class Railways of the United States, is made for one daily service with a distributing car, and that if Mails are carried over the road by any other train than this, it is an unimportant service which does not affect the rate of payment, and this idea is more emphatically expressed again on page 23, thus “It has already been “stated that in the United States, the distributing Mails are carried upon one “Train stopping at each Station, and which distributes the Mails upon the way “in a Car specially fitted up for the purpose, that is the only distributing Car “that is run upon any American Railway, it is only run once each way during “the day time, and *it is for that service that the rate of payment is made.*”

“Now it has evidently escaped the research of the Grand Trunk Company that the fact is precisely the reverse of what it has thus been led to believe.

“The truth is that it is this Train stopping at all Stations and carrying Mails for the small Villages by the way which is the comparatively unimportant part of the service on the leading lines of American Railway with which the Grand Trunk desires to rank, this Train is always a slow train, and the principal Mails passing over the road are, as a matter of course, forwarded by Trains travelling at a greater speed.

“Of the mail matter passing to Buffalo over the New-York Central, for instance, only about 10 per cent goes by the slow distributing Train spoken of, and the assertion is, therefore, that the conveyance of the other 90 per cent of Mail matter is an unimportant part of the whole service not considered worthy of any payment at all!

“As it is on the New-York Central, so in the very nature of the case it must be on all the other main lines.

“On a local or inferior class road, the Train distributing to the way offices will very probably be the chief postal service of the day, and in many cases the only service, as any other bags than those for the way offices, could be sent at the same time. Further when through Mails are sent by a second daily train on a road of this class, such through transmissions will not be of the same relative superior importance to the way office service, as they are on one of the great leading roads.

“The United States Post Office exercises no control over the Railways, and uses only the ordinary Trains, taking as many services as may suit its wants from the ordinary Time Tables of the roads.

“Whatever number of daily services the American Post Office obtains from a Railway, it stipulates that one daily service each way shall be given to the way

offices on the line of Railway, and this distribution of bags to the way offices is generally superintended by a Post Office Agent travelling with the train. It is generally a mere distribution of bags, and not an assortment of letters or making up of Mails in the Train, as in Canada.

“The Postmaster General of the United States in his report to Congress of December 1857, states that he is going to increase the number of Post Office Agents to travel with the Mails, because the accounts of mail bags under conveyance are not kept in a satisfactory manner on some of the principal Western lines ‘owing’ (he says) ‘chiefly to the fact that the larger proportion of what ‘are called through mails go by Express Trains in charge of the Baggage ‘masters and not the agents of this Department. The latter travel on other ‘Trains for the purpose of delivering Mails to numerous Post Offices on the ‘way where Express Trains do not regularly stop, and it has been considered ‘an unnecessary expense to appoint agents simply to deliver bags, when the ‘Railroad Companies are paid as well for that service as for conveying them, ‘there being express stipulations to that effect in all contracts. These views are ‘undoubtedly correct in theory but experience has shewn that Railroad Com- ‘panies cannot be made to appoint persons to give the mails due attention in all ‘cases, and there is, therefore, no alternative but to multiply largely the number ‘of Department Agents on all Great Routes where important mails now go ‘without them.

“‘In addition to the Western Routes just alluded to, there are many others ‘of equal grade in the same category. The principal mails between Phila- ‘delphia, Baltimore, and the West, for instance, have been nominally cared for ‘by Baggage Masters.’

“The above extract will illustrate the brief sketch given of the chief features of Railway Mail conveyance in the United States.

“During the last summer the American Post Office commenced to give to their principal Railway Mails the benefit of the system of assortment, &c., whilst on the road, practised in Canada, (to which two Officers of the Canadian Post Office lent their assistance) and at this time the main through Mails between Washington and New York that formerly passed as through mails unopened by the way, pass in a car 47 feet long specially appropriated to the Post Office, fitted up with every convenience, and carrying 8 clerks who open the through Bags and prepare the correspondence whilst the Train is in progress. This service is quite a distinct thing from the Way Office distribution on which such undue stress is laid by the Grand Trunk.

“In the United States Post Office Return to Congress for the year 1863 (the latest in the possession of this Department) of the Railways receiving payment for Postal service, embracing 22,152 miles of Railway, there are but six cases covering in the aggregate 533 miles, in which the maximum sum of \$300 a mile per annum is paid or exceeded viz :

Railway.	Miles.	No. of daily services each way.	Rate of annual payment per mile of Railway.
Boston to Worcester.	46	3	\$300
New York to New Haven.	76	{ 3 and once each way on Sunday. }	375
New York to Philadelphia.	90	3 & do	375
Philadelphia to Baltimore.	102	3 & do	300
Baltimore to Washington.	40	4 & twice do	300
Baltimore to Wheeling.	179	3 & once	300

“ It will be observed that only two Railways receive a rate exceeding \$300 and then the excess is 25 per cent on that amount.

“ From the tenor of the remarks in the Memorandum on cases where more than \$300 is paid, it would seem that the Grand Trunk Company has not observed that the Act of Congress which lays down the scale of \$300, of \$100, and of \$50 per mile per annum respectively, at the same time authorizes the Postmaster General to add 25 per cent to those rates when there is night postal service.

“ It has appeared to be necessary to devote some space to the elucidation of what the American Railway postal work is—more especially on the chief roads—because the line of argument founded on the fallacy that that work as paid for, is confined to one daily service as described in the Grand Trunk Memorandum, would seem to be, that the Grand Trunk in order to prove a just claim to the same rate of payment as that given to the principal American Railways, is not bound to show that it performs more work for the Canadian Post Office than this single daily service, and that the rest of the mail service performed by these American Railways over and above that particular daily trip not being, as the Grand Trunk asserts, counted in the work paid for by the United States Post Office, should not enter into the consideration of the question of comparative service by the Grand Trunk and by the American Railways adverted to. If any further demonstration were needed of the error involved in this mode of reasoning it might be found in the fact that the 25 per cent additional paid to the New York and Philadelphia Railway for instance, is not paid in connection with the Way Office service trip at all, but is paid in consideration of conveyance being given by night through Express Train, to what is known as the great through night mail between those cities, so that according to the Grand Trunk theory \$75 a mile per annum additional is paid as compensation for a *variation in the manner of doing a particular service*, which service in itself was not considered to be of sufficient importance to enter into the question of payment at all, as respects the regular rate.”

I may add that I sent a copy of that memorandum to the General Post Office of the United States at Washington, and requested to be informed as to whether I had stated or had described the United States Railway Post Office service correctly in that Memorandum, and received the reply from one of the Assistant Postmasters General of the United States which I now hand in.

(COPY.)

“ POST OFFICE DEPARTMENT,

“ Washington, 16th February, 1865.

“ Dear Sir,

“ Yours of 10th inst. was received yesterday, with accompanying memorandum, concerning “ Railway Postal Service.”

“ You have correctly and forcibly answered the Grand Trunk Railway Statements : ‘ That the American rate of payment to the 1st class Railways of the U. S. is made for one daily service with a distributing car, and that if mails are carried over the road by any other train than this, it is an unimportant service which does not affect the rate of payment.’ All your showings of the American railway service are strictly true. I send herewith advertisements of routes in New England and New York, from which you will see that, on some of the principal railroads, several daily trips are specifically required. This has always been the rule.”

“ There is unfortunately a great want of uniformity in the rates of pay, and this difficulty the Postmaster General is now trying to remedy by adjusting the pay according to the weight of mails.”

"I enclose a table showing the daily weight over various Roads."

"The pay of the Great Western Railway of Canada was probably increased through the influence of a former Secretary of the Interior Department and others interested at Detroit. I know nothing personally about it, having no direct concern with such questions, and only give the opinion expressed to me on enquiry in the Contract Bureau. On the Portland and Canada route additional pay was allowed for 48 miles in consideration of taking a second daily mail that distance."

"The diagram of a mail car I sent you had no reference to the Railway P. O., which occupies a whole car varying in length from 45 to 47 feet, and runs in addition to the ordinary way mail distributing car."

"Your memorandum has much interested me, as it shows thorough acquaintance with the Railroad mail service in England and America (Canada and U. S.) I shall be glad if any thing I can say proves equally satisfactory to you."

Very truly, &c.

(Signed) A. N. ZEVELY.

W. H. GRIFFIN, Esquire, Quebec.

A TABLE showing the daily weight of the United States Mails over various Railroads.

NAMES OF RAILROAD.	No. of lbs.
Washington Branch, B. & O. R. Rd	22,304
New Jersey	14,704
Hudson River	11,658
Erie	11,306
Philadelphia, Wilmington and Baltimore	11,139
Southern Michigan and Northern Indiana	8,726
New Haven and New York	7,223
Pennsylvania Central	7,265
Northern Central	4,483
Cleveland and Toledo	4,678
Boston and Worcester	3,636
Michigan Central	3,684
Chicago, Burlington and Quincy	2,656
North Western, from Chicago	2,561
Ohio and Mississippi	2,392
North Western, Galena Division	1,315
do Clinton do	755
Rock Island	1,571
Boston and Providence	1,844
Boston and Lowell	1,461
Eastern, from Boston	2,208
Little Miami, from Cincinnati	2,096
Cincinnati Air Line	1,349
North Missouri	1,387
Illinois Central	1,292
Hamilton and Dayton	1,194
Cleveland, Columbus and Cincinnati	1,138
Old Colony and Fall River	1,052
Fitchburg	1,195
Baltimore and Ohio	1,322
State and Buffalo, to Cleveland	1,986
Terre Haute	1,392
New York Central, from Buffalo	957
Grand Trunk, from Detroit	291

320. Can you describe the service at present performed by the railroads between New York and Washington; state the daily number of services, the amount of carriage accommodation, and the average weight of mails passing over that route?

Between Washington and Baltimore the service is stated by the United States Post Office at four daily services each way on week days, and twice each way on Sunday. Between Baltimore and New York, there are three daily services each way on week days, and one on Sundays. Of these services one is a way office distributing service by day train, with car space appropriated to the Post Office of about 20 feet in length; a second service is by a car 47 feet long especially appropriated to the Post-Office, for the purpose of sorting mails therein; the other services are through bag services, in charge of the railway, without special appropriation of space, other than that all the accommodation requisite should be given. The weight of the mails is returned at 11 tons a day, on the Washington and Baltimore road; $5\frac{1}{2}$ tons, on the Baltimore and Philadelphia section, and $7\frac{1}{2}$ tons, on the Philadelphia and New York. The price paid is \$300, per mile per annum, between Washington, Baltimore and Philadelphia, and \$375, per mile per annum, between Philadelphia and New York. I derived this information, as to the rates of payment, from the yearly Reports of the Postmaster General of the United States to Congress.

321. Can you give the same information as to the New York Central Road?

I have sent a witness to ascertain the facts, and hope to have his evidence by Saturday next.

322. Can you give us the same information as to the Michigan Central?

The Michigan Central Railway is under contract with the United States Post Office to give two daily services each way over the road, with any additional service to be had from the trains, if they run more frequently than twice a day. The contract obliges the Railway to give a separate and convenient car, or a part of a car, as the United States Post-Office may require, for each service; as a matter of fact, the Post-Office takes, on one of these two services, twenty-five feet in length of car space for mail purposes, fitted up, heated and lighted as the Post-Office may require; the other daily service consists in the conveyance of through bags in charge of the Company. The larger portion of the mail forwarded over the road is sent in the through bags, averaging in weight, at present, about 2 tons a day. The price paid is \$150 per mile, per annum, including the conveyance of the mails between the Post-Offices of Chicago and Detroit and the Railway termini, and the side service as respects all the way offices within a quarter of a mile of the Railway way-stations; with stipulations for penalties in the event of a failure to perform any of the conditions of the contract, and especially in the case of a failure to arrive at the end of the route so as to lose connection.

9th March, 1865.

The Honorable MALCOLM CAMERON, sworn and examined:

By THE CHAIRMAN:—

323. You were Postmaster General of Canada at one time, and when?

I was. I took office on the 17th August, 1853, and I continued Postmaster-General about a year and a half, until the autumn of 1854.

324. As Postmaster General, according to the then law, you became a Director of the Grand Trunk Railway Company?

Yes; *ex officio*.

325. Were you present at a meeting of the Board of Directors on the 17th August, 1853?

I was present. I should have been there in my official capacity, but that my predecessor, Mr. Morris, expressed his wish to be present on that day, having been engaged in previous discussions. I attended not as Postmaster General, but was present at the meeting of the Board, and concurred in what was done.

326. Have you any recollection of a minute of the Board respecting the rate at which they were willing to carry the mails for the Post Office Department?

Yes; distinctly.

327. Did you ever afterwards receive any notification, as Postmaster General, of that minute?

I am not aware. There may have been, but I cannot recollect.

328. Mr. Brydges has put in evidence a letter, said to have been written by Sir C. Roney, then Secretary of the Company, to yourself as Postmaster General; will you be so good as to read it, and say whether you have any recollection of having received that letter?

I do not recollect having received that letter; but the facts set forth are according to my understanding of the agreement made the day before; and which I understood Mr. Morris and the Company to have discussed before the meeting, and to have agreed to them; and to which, as Postmaster General, I had assented with Mr. Morris.

329. You continued in office for somewhat more than a year after that order was passed?

That is so.

330. Did you, as Postmaster General, during that year, assent to and act upon that minute as a binding arrangement between the Post Office and the Grand Trunk Railway Company?

I do not recollect having been called upon to do so; but I certainly would have done so, had I been called upon.

331. Were any accounts sent in by the Grand Trunk Railway Company, between August, 1853, and September, 1854?

I cannot speak from my own knowledge.

332. Can you say whether any payments were made to the Grand Trunk Railway Company during the time you were Postmaster General?

I cannot.

333. Am I to understand then, that in your own mind, you considered the question as settled, although practically you were not called upon to give effect to that opinion?

That is so.

334. Mr. Griffin, the Deputy Postmaster General, says that he heard nothing of the minute of the Grand Trunk Company until 1855; that could hardly have been so, if the matter had been concluded in August 1853?

If that letter reached the Department it would be in Mr. Griffin's possession. My impression is that I must have told Mr. Griffin the circumstances under which Mr. Morris and myself attended, as I considered it important, and Mr. Morris had desired to close the matter before he ceased to attend.

335. Do I understand you to say that, as Postmaster General, you meant to assent to the proposal of the Grand Trunk Railway Company, so as in your official capacity to bind the Government?

I considered that Mr. Morris had done so, on a consideration of the case, and discussion with the railroad managers, based on relative amounts paid in the States; and without going into the facts myself, I assented to what Mr. Morris had considered and done.

336. Apart from Mr. Morris's action in the matter, did you mean, yourself, as Postmaster General, to give your assent so as to bind the Government?

Certainly.

337. Do you recollect to have acted upon this minute in your dealings with any other railways than the Grand Trunk?

I do not recollect having been called on to act upon the minute during my period of office.

338. Did you understand that the rate proposed by the Grand Trunk Railway Company was to be the rate paid to the other Railways?

No; I conceived that that rate was arranged on a basis relative to sums paid to roads in the United States of a similar character and extent, and that other roads would be dealt with upon the same principle. I think that the Government reserved the right, in the legislation on that subject, to fix the postal subsidy upon fair and equitable principles.

339. Mr. Cumberland states that the Northern road was open to Collingwood on the 1st January, 1855, and that "from that date the postal rate charged to the Government under the authority of the Honorable Malcolm Cameron, then Postmaster General, has been at the rate of \$110 per mile,"—have you any recollection of that arrangement?

I ceased to be Postmaster General in September, 1854; I do not understand the statement.

340. Have you any recollection of having authorized such a charge on the Northern Road during your period of office?

No, I have not. And I think I would not have authorized it, except upon a consideration of the case.

341. You consider the arrangement then, if arrangement there were, as applicable only to the Grand Trunk Railway Company?

Yes.

BY MR. BRYDGES :—

342. At the meeting of the 17th of August, 1853, were there any other members of the Government present, besides yourself and Mr. Morris?

Messrs. Ross, Hincks and Taché.

343. Did they concur in that minute, and assent to the arrangement on the part of the Government?

Yes.

344. Did you, as Postmaster General, feel yourself bound to carry that out as an agreement between the Government and the Company?

I did.

345. Do I understand you to say that from your conversation, with Mr. Morris, before the minute of the 17th of August, 1853, he had considered the question of payment, relatively to similar payments to lines in the States, and that he considered that he was making an advantageous arrangement for the Government?

I have a distinct recollection of his requesting me to allow him to act on that occasion, because he had been investigating and had had a good deal of conversation on that subject with the managers of the Grand Trunk, and it was desirable that the matter should be closed that day. Mr. Hincks and Colonel Taché

being there, I considered that the Government had concluded upon it, and therefore I assumed the responsibility without any personal investigation.

346. Will you look at the letter, written by Sir C. Roney to yourself, on the 18th August, 1853, and say if it correctly represents the arrangement come to, at the Board, the day before ?

It does.

347. The letter being in accordance with the arrangement, and correctly describing it, you have no reason to doubt having received it in due course ?

No ; but I have no recollection of having seen it.

BY THE CHAIRMAN :—

348. Mr. Griffin states in his evidence, in answer to question 300, that you, on being appealed to in 1855, stated, that if there had been any arrangement binding the Government to pay \$110 per mile, it was of Mr. Morris's making, while Mr. Morris repudiated the idea that he had in any way made the Government responsible for the payment of any such rate ; and that he, (Mr. Morris,) declared the rate to be in his opinion an extravagant one, and urged the Postmaster General to resist its being imposed upon the Government ;--Do you recollect to have received such letter from Mr. Griffin ?

Yes ; very well.

349. Do you recollect having written the reply which Mr. Griffin has stated ?

Yes. I received that letter at a period when I was not in Parliament. I conceived it designed for party purposes, and I wrote an answer simply intimating the fact that on the day on which the agreement was made Mr. Morris acted as director. I did not *make* the arrangement, but I did assent to an arrangement which I understood had been already made by several members of the Government.

BY MR. BRYDGES :—

350. The letters to which reference has just been made, you, at the time, considered were written for party purposes, rather than to get at any decision in reference to the rate of payment for postal services ?

Yes, I considered it was as to fixing responsibility for that purpose on some one ; as I was not a member of Parliament, I did not wish to commit myself and was guarded in my answer.

MALCOLM CAMERON.

13th March, 1865.

THOS. SWINYARD, Esq., Sworn and Examined :

351. You are General Manager of the Great Western Railway Company and have been so for the last two years and a half ?

Yes.

351*bis*. Will you produce copies of your agreement with the Express Company ?

I now produce copy of an agreement, marked M, under which the Great Western Railway Company carried freight for the Express Company, from March, 1863, until March, 1864.

(Copy.)

MEMORANDUM of Agreement made this first day of March 1863, between the Great Western Railway Company of Canada of the first part and the American Express Company of the second part.

“ It is mutually agreed between the parties to this agreement that the party of the first part will convey the Express freight and Messengers of the party of the second part, on the following terms and conditions, that is to say :

“ 1st. That the party of the first part will provide room in a baggage car attached to four through passenger trains on their line of Railway each day, between Suspension Bridge and Windsor, two each way daily, one in the day and one at night, for the use of the parties of the second part.

“ 2nd. That the party of the first part shall also provide room in a baggage car attached to one accommodation train each way daily between London and Suspension Bridge for the use of the parties of the second part.

“ 3rd. That the parties of the second part shall be entitled to carry in the room to be provided in the trains mentioned in classes one and two, a messenger and a safe free of charge, and such Express goods and matter as they may have to send.

“ 4th. That the aggregate weight of such Express matter to be carried by the parties of the second part shall not exceed in the aggregate each day eight thousand pounds West and four thousand pounds East, any excess over such aggregate daily weight to be paid for at the following rates in Canada currency.

“ On through Express goods, thirty cents per one hundred pounds ;

“ On local Express goods one and a half times first class freight rates ;

“ The weight to be calculated monthly.

“ 5th. The parties of the second part hereby agree, that in the event of any damage arising to their Express goods from fire, whilst on the premises or in the trains of the party of the first part, that no liability shall attach to the party of the first for any loss or damage that may be sustained in consequence of such fire.

“ 6th. The party of the second part agrees to pay to the party of the first part, in consideration of the privileges hereby accorded, the sum of sixty dollars per day in Canada currency or its equivalent and the sums set forth in clause four for all excess in weight, beyond the stipulated aggregate weights, such payments to be made monthly.

“ 7th. The party of the second part agrees that they will not carry under this agreement, as part of their Express goods, any freight belonging to, or to be forwarded by the Merchants Despatch Company and that they will provide all the labor required for loading and unloading all the Express matter or goods carried by them under this agreement.

“ 8th. The party of the second part hereby agrees to pay for all Express goods sent by them between Hamilton and Toronto, Harrisburg and Guelph or London and Sarnia, one and a half times the first class freight rates, in Canada currency, for every one hundred pounds of Express goods so carried by them, the party of the first part, carrying free a messenger and an iron safe.

“ 9th. The party of the first part hereby agrees not to carry on their trains any Express goods or matter for any other Express Company, but the party of the second part, during the continuance of this agreement, it being the intention of the parties hereto, that all the Express and parcels business by passenger trains shall be carried on by the parties of the second part.

“ 10th. This Agreement to commence on the first day of March, 1863, and to be in force for one year from that date, provided always, that should the

depreciation of the American currency increase, the parties of the second part may terminate this agreement on giving sixty days clear notice in writing.

"In like manner should the value of American money increase, the Great Western Railway Company to have the power of terminating this agreement on giving the same notice.

"For the Great Western Railway

"(Signed,) THOS. SWINYARD.

"For the American Express Company.

"(Signed,) LIVINGSTON FARGO, & Co.,
"Proprietors."

352. The whole payment made by the Express Company for the double service between Suspension Bridge and Windsor was \$60 a day?

Yes, except that for extra weights they were obliged to pay.

353. The Express Company had a special compartment for themselves, had they not?

They have a compartment, but they are not limited as to space, nor is the Railway Company prevented from using their compartment.

354. Are not the cars upon your line divided as in other Railways into a Post Office compartment, an Express compartment, and a baggage compartment?

Yes, they are, and they are used in the manner I have indicated.

355. The Express Company, then, has a right to use its compartment if it have express matter enough to fill it; and if the express matter exceed what the compartment will contain, they have a right to further room to the extent in the whole, of four tons?

If the compartment set apart for the Express Company does not contain the four tons, as provided in the agreement, then the Company would find room for the remainder in another car, or another part of the car. This answer applies only to the trains going West.

356. What is the extent of space allotted to the Express Company?

About a third of a car; that would be upon the average about three and a third tons.

357. What quantity of express matter, speaking generally, would fit in the Express Compartment?

I have no data which will enable me to answer the question specifically; but, from information obtained, I find that the Express Company, on an average, can carry about three tons in their compartment. And I will add that, as a rule, the space allotted to the Express Company is sufficient for their purposes.

358. Can you state the average weight carried by the Express Company?

The average weight carried by the Express Company, per day, on all the trains, I believe to be $9\frac{3}{4}$ tons; that includes the excess weight over the four tons west and two tons east.

359. My question was directed rather to the weights carried upon the four trains between Suspension Bridge and Windsor?

I have no data which enable me to give the amount carried by the two trains each way between Suspension Bridge and Windsor, but of course it is much less than the average weight upon all the trains; I cannot say how much less.

360. Can your book-keepers supply the information?

It is possible, by a reference to the books at Hamilton, but I am not certain.

361. The Express Company have a right to make up their four tons and two tons, between Suspension Bridge and Windsor, from local express matter?

Yes, under the contract of 1863.

362. How long did the contract of March, 1863, continue in force?

Until the 9th September, 1864.

363. How many messengers generally go with the express matter.

Generally one, but of this I am not quite certain.

364. Will you produce the contract with the Express Company prior to the one already handed in?

I have it not with me now but will produce it presently.

365. Can you now produce the first contract between the Great Western Company and the Express Company?

The Messenger having now arrived with it, I produce it:—

“ARTICLES OF AGREEMENT made and concluded this twelfth day of October, A. D., 1854, by and between the Great Western Railway Company, party of the first part, and the American Express Company, party of the second part.

“*First*.—The party of the first part agrees to furnish said party of the second part for the purposes of its business, to wit: the safe and speedy carriage of Express matter and other property with two thirds of a good baggage or mail car of the usual size, to be run in a morning through passenger train, each way daily, (Sundays excepted), over said first parties Railway between the Suspension Bridge, near Niagara Falls, and Windsor, C. W., opposite Detroit. And in each of said cars to carry free of charge, a Messenger in the employ of said second party having charge of its Express matter and other property; and between the City of Hamilton and the Suspension Bridge, in each of said cars, also an extra Messenger or Agent for the Customs Department. For the foregoing said party of the second part agrees to pay said first party at the rate of fifty dollars per day (Sundays excepted).

“*Second*.—Said first party further agrees that during the existence of this contract and upon receiving ten days notice in writing from said second party desiring it so to do, it will furnish a car for said second party, for the carriage of its freight and express matter to the amount of five tons each day, (Sundays excepted), which car shall be run in an evening through passenger Train daily going west over said first parties said Railway, from the Suspension Bridge to Windsor aforesaid; and will carry at the same time free of charge, and likewise bring back without charge, the Messenger of said second party having charge of its property and express matter on said evening Train. For this it is agreed that said second party shall pay said first party at the rate of thirty dollars for each and every day said car is so run.

“And it is further agreed that for the carriage of all freight upon said evening train exceeding said five tons; said second party shall pay said first party at the rate of forty cents per hundred pounds. And it is further mutually agreed that said second party may, upon giving ten days notice in writing of its intention so to do, discontinue the payment of the thirty dollars per day for said car on the evening train, and after the expiration of said ten days, said Railway Company may discontinue running said car and carrying said messenger, until a like written notice of ten days shall be given by said second party desiring to occupy said car again, when it shall be run and messenger carried as above stated, and said party of the second part shall pay to said party of the first part for the same as aforesaid.

“*Third*.—Said first party further agrees to carry a messenger of said second party having charge of its freight each way daily, in one train over its Branch Road from Hamilton to Galt, for half fare; and to transport at the same time on the

same train over said branch road, the freight of said second party, at the rate of twenty cents per hundred pounds, which price said second party hereby agrees to pay.

"*Fourth.*—Said party of the first part further agrees with said second party that during the continuance of this contract, it will not give any other Express Company or person engaged in the express business more favorable terms for the conveyance of express freight than are herein agreed to be afforded to the parties of the second part.

"*Fifth.*—It is agreed that the said second party shall pay on the first day of each month, at the office of said first party, in the said City of Hamilton, C. W., the indebtedness against it, accruing under this agreement.

"*Sixth.*—And it is further mutually agreed that this contract shall take effect on the first day of October and except as herein provided and continue in full force and effect until terminated by sixty days notice in writing which may be given by either party, and at the expiration of that time, after the giving of such notice, said contract shall cease and be of no further effect.

"In witness whereof the said parties have hereunto set their hands and seals, this twelfth day of October, A. D., 1854.

"LIVINGSTON, FARGO & Co."

366. Who was Manager of the Great Western when this contract was made?
Mr. Brydges was the Managing Director.

367. That contract, then, continued in force for about nine years?

Yes. Until the agreement already handed in was entered into.

368. You had been seven months general manager before the agreement of 1854 was altered?

Yes.

369. These contracts, I observe, stipulate that the Railway Companies are not to carry express matter for any other company. The rates agreed upon, I presume, are paid in consideration of that covenant, as well as for the carriage?

The rates no doubt were paid in consideration of the covenant as well as for the carriage, but the Company, in fixing these rates, recognized the advantages derived from the advocacy of their route by the Express Company's Agencies. Mr. Brydges can speak as to this, as respects the former express contract. My remarks apply to the latter.

370. Was there any contract that the Express Company should use their influence as you have described?

There was no written contract, but it always formed an element in the negotiation.

371. Can you state what part of the consideration was applicable to the carriage, and what part to the exclusive right to the express business?

I cannot divide the two.

373. Under the heads of agreement, dated 9th September, 1864, you have been carrying since that date; can you say why those heads have not, before now, been reduced to the form of an agreement?

It is because the Railway Company are dissatisfied with the amount that they receive, and are anxious to avail themselves of a favorable opportunity for taking the service into their own hands, or for continuing it at a higher rate of payment, as may be deemed expedient.

374. When you, as manager, entered into a new contract in March, 1863, you made, I presume, the best terms you were able for your Company?

Yes; having reference to the situation of affairs.

375. And when you entered into the contract of September, 1864, you stipulated, I presume, for the best price you could obtain ?

Not exactly so ; but it was deemed expedient for the present to continue an arrangement with the Express Company. I do not mean to say that I could have obtained a higher price, but it was deemed expedient, for the present, to continue an arrangement with the Express Company.

376. Did not the necessity of making a new arrangement in September, 1864, arise from the state of the American currency, rather than from a wish to alter the agreement ?

As I have explained before, we have all along been dissatisfied with the terms of the arrangement ; of course the state of the American currency made that dissatisfaction still greater.

377. The service performed for the Express Company is practically the same under the new agreement as under the old ; is it not ?

Yes.

378. The payment under the new agreement is eighty-six dollars instead of sixty dollars, the sum mentioned in the agreement of 1863. Is not the amount of \$86 paid in American currency ?

It is.

379. Can you state the comparative values of the \$86 in the one agreement, and the \$60 in the other ?

I cannot ; but it was considered at the time that the payment to the company under the last agreement would exceed in value that under the former one.

380. The American dollar was of much less value in September 1864, than it had been in March, 1863 ?

I believe it was, but I cannot say the difference.

381. I observe, on looking at the contract, that the price paid under the contract of 1863 was payable in gold, while the price under the contract of 1864 was payable in American currency. Do you mean to say that on the 9th of September, 1864, eighty-six dollars, American currency, was of more value than sixty dollars in gold.

I cannot say what was the relative value at the time, but it was considered that when the Railway Company, a few months after, would make its conversion of American currency, the value of the new contract would be greater than that of the former

383. Your Company for many years carried the United States mails between Suspension Bridge and Detroit ?

It did ; and the mail is still carried over our road.

384. Is there now, or has there ever been any written contract between your Company and the Post Office Department of the United States Government ?

I have been unable to find one, and there is not any existing now to my knowledge.

385. What amount of service does your Company afford to the Post Office Department of the United States Government ?

They carry such through bags as may be presented to them, generally twice a day, but they have a right to send their bags by any through train.

386. How many trains do you run between Suspension Bridge and Detroit daily ?

Two formerly, both ways, and three latterly.

387. Can you state the amount of postal matter carried each day over your road for the United States Government ?

About a ton and a half.

388. Have the post bags been weighed lately?

No, I believe not.

389. When did the weighing take place from which you have stated your average?

They have not been weighed in my time, but my answer is derived from information received from the Company's officers.

390. Can you state whether the amount of American mail matter has increased during the time you have been general manager?

I cannot.

391. What amount of space, on an average, would a ton of postal matter occupy?

About one-sixth of a car; but I have no means of judging, except from experiment which I have not made.

392. What does the American Government pay you for the carriage of this mail?

Fifty dollars per mile.

393. Has that been the rate always paid?

Yes.

394. The Postmaster General of the United States, in his Report for the year 1853, (see Report for 1853, p. 7,) states that in March of that year the contract had been made with the Great Western Railway to carry the mail between the Suspension Bridge and Detroit for \$30 per mile. Is that correct?

I should think the Postmaster General had been misinformed, as the Company's accounts shew that the Company has always been paid at the rate of \$50 per mile.

395. It is stated in the successive Reports of the Postmaster General of the United States that the payments made to the Great Western Railway Company for the carriage of this mail were, during the years 1854, 1855, 1856, 1857, at the rate of \$30 a mile, and during the years 1858 and 1859 at the rate of \$40 a mile.—Do I understand you to say that the amount paid is incorrectly stated in all those reports?

Whatever the reports state, the fact is that \$50 has always been paid.

396. Be so good as to furnish an extract from your books shewing the amounts paid, and for what service, in each year from 1854 to 1859, both inclusive.

The following is a return from our books:

“GREAT WESTERN RAILWAY.”

“STATEMENT of amounts paid by the United States Government for the carriage of through Mail Bags, from the date when they were commenced to be carried until 31st December, 1859.

“ Half year ending 31st July, 1854.....	\$3,804 66½
Do do 31st January, 1855.....	5,798 52
Do do 31st July, 1855.....	5,864 63½
Do do 31st January, 1856.....	5,779 64
Do do 31st July, 1856.....	5,706 48
Do do 31st January, 1857.....	5,779 64
Do do 31st July, 1857.....	5,669 90
Do do 31st January, 1858.....	5,743 06
Do do 31st July, 1858.....	5,669 90
Do do 31st January, 1859.....	5,743 29
Do do 31st July, 1859.....	5,670 12¾
Do do 31st January, 1860.....	5,742 16½

“The line was opened throughout at the end of January, 1854, and the United States Mails commenced to be carried 3 or 4 months afterwards.”

397. Do I understand from your return that the payments there mentioned were made at the specified dates?

Those were the amounts charged by the Company each half year, and, as far as I am aware, received by them in due course. I understand, however, from my predecessor, that the payments by the United States Government were sometimes delayed.

398. As your accounts differ entirely from the public statements of the Postmaster General of the United States, I wish for a statement, not of the amounts charged against the Postmaster, but of the payments made by him, with their dates.

Such a statement I have not with me, but it shall be telegraphed for and handed in.

399. When was the tariff, you were so good as to furnish the Commissioners, prepared?

It was issued in 1859.

400. Has not your tariff been altered since 1859?

The standard tariff has remained the same, but rates have varied according to competition and other circumstances.

401. Will you be so good as to state what you mean by the standard tariff?

I mean the tariff based upon a given classification and the mileage of the line.

402. Do you mean that although the classification has remained unchanged the prices paid have been altered?

They have. We have to be guided by competition and other circumstances.

403. The tariff furnished to the Commissioners, then, does not contain a true statement of the amounts paid by the public since 1859?

The tariff furnished to the Commissioners is one which has been in general operation over the line, but as before stated it has had to be varied according to circumstances. It would be impossible for me to give the Commissioners a statement of the actual rates charged, to and from all places, from 1859 to the present time.

404. Do you mean to say, then, that the rate actually charged depends more upon special contract than upon the tariff?

To the extent to which we are affected by competition it undoubtedly does.

In those exceptional cases where competition is wild, the tariff is not in all cases adhered to. But between all places unaffected by competition the tariff submitted to the Commissioners, at their request, governs all transactions.

WALTER SHANLY, Esquire, sworn and examined.

By THE CHAIRMAN :—

405. You were General Manager of the Grand Trunk for several years?

I was.

406. During what period?

From the latter part of 1857, until April 1862, with the exception of about ten months in 1859.

407. During some portion of your management the accidents upon the line were very frequent I believe?

We had a great deal of breakage, both of machinery and rails, and consequent breakage of cars, and damage to freight, but comparatively few accidents to passenger trains.

408. It is represented in your statement before Mr. Langton's Commission, that, between January and April 1861, a great number of accidents occurred from broken rails on the Central Division,—to what do you attribute those accidents?

I attribute the breakage of rails to three causes: the inferior quality of the iron is one, the bad gradients of the road another, and the severity of the climate a third.

409. How long had those rails been laid down at the date mentioned in your statement?

The longest had been down about six years.

410. If the quality of the iron had been good and the manufacture good, in what proportion would the breakage of rails be diminished?

I am perfectly certain that a large proportion of the breakage is attributable to the quality of the iron, from the fact that I know the iron was bad, but I cannot state the proportion in which accidents might be reduced if the iron were good. The tests to which rails are subjected upon that part of the road would severely try the best iron.

411. Can you state whether the manufacture of the rails, apart from the quality of the iron, was good?

Neither were good.

412. Are you acquainted with Messrs. Colburn and Holley's book on Railways?

No, I am not.

411. It is stated in Messrs. Colburn and Holley's book that the average life of a rail in England, on many heavily worked roads, has been found to be 20 years. Can you state what, in your opinion, the average life of a rail of good iron, well manufactured and of a proper pattern, on the Grand Trunk, should be?

I would not guarantee the best iron I ever saw, on the Grand Trunk, for more than 10 years, on the Central Division. My answer is based upon the bad gradients in that division, and the severity of the climate.

414. That is not the division, I believe, on which the effects of the climate are most severely felt?

It is not, the Western half of that division is not so severely tested as the Eastern half, the Eastern half is as severely tested as any part of the road.

415. You stated in your evidence before the Committee of the House of Assembly, as well as before Mr. Langton's Commission, that through freight may be profitably carried at a much lower rate than local freight. Is that still your opinion?

It is.

416. Can you state the average rate at which your local freight was carried during the last year of your management?

No, I cannot from memory.

417. Can you state at what rate through freight was at that time carried?

It is impossible for me to say.

418. You state in your report furnished to Mr. Langton's Commission: "Our autumn tariffs, on the great bulk of our freights from Western Canada, have scarcely averaged one and one-half cents (about three-fourths of a penny sterling) per ton per mile."—Can you state whether that rate had advanced during your management?

I have no reason to believe that the rate advanced.

419. Do you consider that rate a paying rate ?

It is barely remunerative. We can take it at that rate in the autumn—it just leaves it better to take it at that rate than not at all. There is not a fair profit.

420. In speaking of through freight, in your evidence before the Committee of the House of Assembly, you were asked : “ Could you make money carrying freight 846 miles for 50 cents per 100 lbs.” To which you say—“ Yes, I am willing to take the through freight at that rate.”

I make the same answer now, adding :—If I get enough of local business.

421. Your think then that $1\frac{1}{4}$ cent, per ton per mile, for through freight, would pay better than the rates at which the Grand Trunk had been carrying local freight?

It would pay better than the lowest rate at which they had been carrying local freight.

422. What average rate would you establish if you were called on to fix a remunerative figure ? You state in your report before Mr. Langton’s commission : “ We should have had two cents, which, though no more than fairly remunerative, would have made a difference of, perhaps, ten thousand dollars in our weekly receipts.”

I would take rolling freight for two cents, per ton per mile, for long distances in summer ; and in winter, for three cents, per ton per mile. I would give these as averages if I had to fix an average tariff.

423. Do you mean at competing points, or over the whole road ?

I have before said that I cannot fix an average rate at competing points ; but I would be satisfied at getting those rates for taking freight over the whole road.

424. Were you ever able to obtain, during your management of the Grand Trunk, two cents, per ton per mile, for the carriage of flour from Toronto to Montreal, during summer ?

I do not think so. I think it likely the rate you showed me, in the report before Mr. Langton’s Commission, was as high an average rate as I was ever able to obtain between Toronto and Montreal in the summer.

425. Have you ever received 3 cents, per ton per mile, for carrying flour during the winter, from Toronto to Montreal ?

No, I do not think we ever did, I think probably 2 cents is as high as we ever received.

426. I believe that flour is being carried, at the present moment, from Toronto to Montreal, at the rate of 45 cents per barrel, which would be rather less than $1\frac{1}{2}$ cents per ton per mile. Can you state whether that was not the general rate at which you carried it ?

I cannot say that that was the general rate, it may be near the average.

427. If you carried flour at $1\frac{1}{2}$ cents per ton per mile in winter, or about that rate, from Toronto to Montreal, what do you think will have been the general rate during summer ?

The only summer average I could speak of with any certainty is that stated in my report laid before Mr. Langton’s Commission.

428. In speaking of average freight, in your answers to the previous questions, you intended to describe not the cost of carrying flour from Toronto to Montreal, but an average from the cost of carrying it at all the intermediate stations ?

I mean the average of all the freight carried on the Central Division. I think what I meant is correctly described in the question.

429. Could you state, then, at about what rate flour was carried, during summer, from Toronto to Montreal, during your management ?

I cannot say from memory, but possibly may have carried at 1 cent, per ton per mile, during summer; I think that may have been somewhere near the general rate during the season of navigation.

430. Is that rate in your judgment a paying rate?

Taken by itself it would not be a paying rate, but coupled with the other local freight it would just pay.

431. Your charges were based upon the highest rate, I presume, which you thought you could obtain from the public?

Yes, on the highest rate which the state of trade would admit of our getting at the time.

432. The freight of which we have been speaking is local freight, and subject to the charges which that species of freight entails; at what rate, in your opinion, could through freight of the same quality be carried; to afford the Company an equal profit?

I have no means of arriving at a comparative estimate;—the actual cost to the Company of carrying through freight depends a great deal upon the local business they have to do, if they have an abundance of local traffic the cost of carrying through freight is low in proportion.

433. In your evidence before Mr. Langton's Commission you state: "The freight tariffs are not made up at a uniform rate, per mile, all over, the mileage rate diminishing as the distances increase. Small loads, carried short distances, must ever be charged higher, in proportion, than large loads carried long distances; and local traffic must always be charged higher, mile for mile, than through traffic, because the expenses attending the former are very much higher than those attending the latter. The greater expenses of doing local business, as compared with through, are to be found in the smaller amount of useful service performed by the engines, in the expense of maintaining the way stations, warehouses, &c., with their staff of agents, porters, switchmen, &c., for booking and handling the goods and attending to the shunting of trains. The interest on the first cost of the stations and their sidings is also to be counted against the way traffic. The lighting, fuel and taxes form further and not inconsiderable items in the expense. As regards the effective service performed by the engines of local trains, it is of course less, mile for mile, than that performed by those of through trains, which start with a full load, while the way-engine frequently sets out with but two or three cars, or sometimes none at all, and has to pick up its load as it goes, doing more or less shunting at every station where a car or two, or perhaps no more than half a car load, may be awaiting it."—Would you be so good as to state what, in your opinion, is, and ought to be, the difference between the rates for through freight and local freight?

It is impossible to arrive at any accurate statement of the difference of hauling through freight, as compared with local; but, as a sort of general estimate of the difference between the two, I would be glad to take through freight at half the rates we ought to have for local freight.

434. Is that estimate based upon the considerations mentioned in your answer to question 177 before Mr. Langton's Commission?

Yes.

435. Have you ever had to consider whether any deduction should be made in railway charges for continuity of service—that is, if I were to apply to you to hire a car every day in the year from Sarnia to Quebec, and every day from Quebec to Sarnia, would you consider that I ought to pay for it the same price that any individual hiring a single car for that distance would be charged?

I have made reductions where large quantities of freight have been given by the same party continuously---but only from competing points.

436. Much more of the freight of the Grand Trunk goes East than West---and the cars travelling Westward go to a considerable extent empty; my question pointed to freight both ways, from East to West and West to East, and I wish to know whether a customer hiring a car for the whole year, in both directions, would not be fairly entitled to a considerable reduction?

The case is so purely a hypothetical one that I do not know how to answer the question.

437. The Post-Office stands in precisely that position?

As regards freight, I think that if such a state of things existed I would not be inclined to make any reduction---I mean such a state of things where cars are loaded both ways--because when cars can be loaded both ways by the same merchant in this country, there would be no occasion to depart from the tariff.

438. Can you state what amount of reduction you have made for continuity of business?

I cannot.

439. Can you state whether in making such reduction you have been guided by any ratio, or has it been a mere matter of bargain in each particular case?

It has been guided by circumstances.

BY HON. C. D. DAY :—

440. You state, in answer to a previous question, that you think that 2 cts., per ton per mile, in summer, and 3 cts. in winter, would yield a profit upon flour and other rolling freight. Would the same rate be equally remunerative upon freights of another class?

Yes, if we had plenty of them, we could carry profitably nearly every class of goods at those rates.

441. With respect to diminished rates for continuity of business, would not that in all cases depend upon whether the ordinary rates were remunerative?

Yes, it would of course depend upon that.

442. If nothing could be spared from the ordinary rates without a loss, you would make no reduction for continuity of business?

No, I would not make any reduction below what would be a paying rate to the company.

BY MR. WICKSTEED :—

443. When you speak of a paying rate, do you mean a rate which would barely pay expenses and leave something over?—What do you understand by a rate fairly remunerative?

I call a paying rate one that would leave some margin of profits, but I do not call that a remunerative rate. I think that on the Grand Trunk they would require 40 per cent, at least, beyond expenses to make the road remunerative, as the published receipts now are.

444. Do you think that 2 cts., per ton per mile, in summer, and 3 cts., in winter, would enable the Company to raise their receipts to 40 per cent over their expenses?

I think that I might venture to say that those rates, applied to the freight now carried over the road, would make it remunerative to the extent I have mentioned.

445. Less than those rates you think would not?

I think less would not.

446. What would the rate for freight upwards, from Montreal to Toronto, have been at the time you took flour at the rates you have mentioned, I mean freight of the same character as flour?

Probably about the same for rolling freights, such as sugar and tobacco.

447. In speaking of the accidents on the Central Division of the Grand Trunk Railway, do you attribute any part of them to the severity of the climate, or solely to the quality of the iron and bad gradients?

In a great measure to the climate, but I cannot say in what proportion.

448. What is the average load of a freight train on the Central Division?

Probably about 120 tons of freight in winter, and I dare say about 170 to 180, in summer.

449. Can you say what would be the average cost of such a train per mile?

About 70 cents, summer and winter together, but this does not include expenses arising from casualties.

450. Have you had occasion to estimate the additional expense of speed?

Yes I have.

451. I mean supposing the cost of conveying any quantity of goods at a given speed to be 10, what would be the cost of conveying them at double that speed?

If I would undertake to do it at all, I would ask more than double.

452. You mean then, that any goods conveyed by a passenger train, at double the speed of a freight train, should pay double the price which could be fairly charged for the like goods carried by a freight train?

By any regular passenger train, irrespective of speed, the practice was to ask double first class rates for any freight carried by such trains; our object in so doing was rather to make the tariff prohibitory. For express goods there was a fixed tariff.

453. Do you think this charge was a fair charge in proportion to the expense?

Yes, carrying freight by passenger trains is always an incumbrance.

BY THE CHAIRMAN :—

454. You entered into some contracts with the American Express Company, when you had the management of the Grand Trunk Company.

Yes.

455. Do you recollect what proportion of the baggage car the Express Company had?

About 10 or 12 feet in length, by the width of the car.

456. Have you any recollection of the rate, per ton per mile, the Express Company paid?

I have not.

457. Do you know what they now pay?

I do not.

458. I believe it is $3\frac{1}{2}$ cts. per mile, that does not agree with your estimate of the value of such service?

I think it does, they do all their own business, we have no responsibility or labour connected with it except hauling the train over the road.

459. Three and a half cents per mile is not double first class rate?

It is not.

460. What would double first class rate per mile be?

I do not recollect now. I cannot wait for further examination.

Mr. Swinyard's Examination resumed.---14th March, 1865.

461. It is under this letter dated 9th September, 1864, that you are now carrying for the Express Company?

Yes.

“ OFFICE OF THE AMERICAN EXPRESS COMPANY,

“ *Auditor's Department,*

“ Buffalo, 9th September, 1864.

“ THOS. SWINYARD, Esq.,

“ General Manager of the

“ Great Western Railway,

“ Hamilton, C. W.

“ Dear Sir,

“ We herewith propose the following terms for a new agreement between the Great Western Railway Company of Canada, and the American Express Company.

“ 1. Daily payment to be \$86.40 cts. in American Funds, for the privilege of 8,000 lbs. West, and 4,000 lbs. East, of Through Express matter, all excess over the above mentioned weights to be paid for at the rate of 72 cts. per 100 lbs. in American Funds.

“ 2. The above rates to vary with current rates of Through Freight from New York to Chicago, the basis to be once and a half times Great Western Railway proportion of the Through Freight Rate from New York to Chicago per 100 lbs., daily payment to be reckoned at 12,000 lbs.

“ 3. All Express matters between Local Stations to be paid for in Canada Funds, at the rate of once and a half times 1st class local freight rates, based upon the local tariff in operation at the time of the freight being carried.

“ 4. The weights to be calculated monthly, it being understood that the excess in one direction shall not be offset by any deficiency in the other direction, and that the local express matter is not to enter into the calculation of Through business carried.

“ 5. We to have all the privileges and guarantees as enjoyed by us under the old contract.

“ Trusting that the foregoing terms will meet your approval, and result in a mutual satisfactory agreement, we remain,

“ Very respectfully,

“ Your obedient servants,

“ LIVINGSTON, FARGO & CO.”

462. Will you be good enough to produce a tabular statement of the amounts paid under that contract by the Express Company?

I cannot now, but I will have it prepared and send it to the Commissioners.

463. The tariff furnished to us does not govern through freight.

The through freight being more or less competitive, we are unable to adhere to the tariff in all cases.

464. The evidence submitted to us, with respect to the Grand Trunk Company, is that the local freight tariff does not at all govern the through freight. Is not that the case upon the Great Western Railway?

It does not govern it, for the reasons given.

465. What do you consider competitive points upon your road?

Toronto, Hamilton, Guelph, London, and Sarnia; and Detroit and Suspension Bridge, for through freight.

466. I do not observe that the tariff states the rates at all for through freight from Detroit to Suspension Bridge.—Can you state your present rates for carrying through freight from those points?

The tariff does not apply between Suspension Bridge and Detroit. Our present rates from Suspension Bridge to Detroit are, per 100 lbs., 1st class, 52 cents—2nd class, 44 cents—3rd class, 30 cents—4th class, 24 cents. The rates from Detroit to Suspension Bridge are, per 100 lbs., 1st class, 54 cents—2nd class, 46 cents—3rd class, 41 cents—4th class, 39 cents. The above rates are the Great Western Company's proportion of the through rates between Chicago and New York.

467. You carry a good deal of through freight between Detroit and Suspension Bridge?

We do.

468. Of what nature?

Produce, principally flour and pork.

469. What is the rate for flour?

Flour comes under class four of the above classification, and produces a rate of 39 cents per 100 lbs, or per ton per mile 3.40 cents.

470. That is the rate at which you are at the present moment carrying flour? It is.

471. The distance is?

Two hundred and twenty-nine miles.

472. What do you charge during the season of navigation for carrying flour from the same points?

The lowest rate charged for flour, in the summer, during the navigation, was 19 cents per 100 lbs., which would be 1.65 cents, per ton per mile.

473. The American mail bags and the through baggage from Suspension Bridge to Detroit are put together;—what space is allotted to them?

We give all the space that the baggage and the bags may require. The baggage varies very much. As a rule an extra baggage car is required to accommodate both the baggage and the mails, that is, the through baggage and the through mails are put in a car by themselves; but the through baggage is much more bulky than the mails.

474. Are you at the present moment carrying flour between Windsor and Toronto?

No.

475. You mention in your statement, that you had received on that day, for the first time, a copy of the Order in Council of the 18th September, 1858. Are you aware whether the Company had notice of that order at any earlier period?

No, there are no records showing that the Order in Council was sent to them. The Order in Council was never sent to them, nor have I been able to find that they received notice of it, beyond a letter addressed by Mr. W. H. Griffin, on the 19th November, 1858, stating that an Order in Council had been passed, but not giving any rate, promising however to communicate the order in a few days.

476. Have you had an opportunity of reading Mr. Brydges' evidence before the Commissioners?

I have.

477. Would you be so good as to glance at his evidence, from question 133 to question 143, and state whether you do not think that Mr. Brydges had notice of the Order in Council previous to the date mentioned?

I cannot say, but I notice Mr. Brydges says that the certificate alluded to did not convey to him at the present date, nor at the time, the idea that the rate had been finally fixed by the Governor in Council.

478. If you had received a certificate from the Postmaster General, at your request, stating: "I hereby certify that an order in Council has been passed authorizing the payment of \$70 per mile to the Great Western Railway Company of Canada, by this Department, for the carriage of Her Majesty's mails over the said line of Railway; and that such sum at least will be continued, as the allowance per mile to the said Railway, for the performance of the said service"---do you think that such certificate would have conveyed to your mind that an Order in Council had been passed fixing the rate of \$70 per mile?

I should; but I should have remained of the same impression which Mr. Brydges appears to have been under, that, from the peculiar wording of the certificate, the rate had not been finally fixed by the Governor in Council.

479. Is it the practice of your Company to keep copies of official letters to the Post Office Department, respecting the Post Office business?

It is.

480. Will you produce any letter between September, 1858, and 12th August, 1863, complaining of the rate fixed by the Order in Council of September, 1858?

I can produce copies of them during the course of the day.

481. Is there no letter between the 26th March, 1860, and the period when Mr. Brydges ceased to be the Managing Director of the Great Western Company?

I have not been able to find any, but there may have been; if so, Mr. Griffin can produce them.

(Mr. Griffin here produces a letter dated 23rd April, 1860, and a copy of the certificate as to Order in Council granted in accordance with the request contained in such letter.)

" GREAT WESTERN RAILWAY,

" *Managing Director's Office,*

" Hamilton, C. W., 23rd April, 1860..

" My dear Sir,

" I wrote to the Postmaster General on the 26th ultimo, for a certificate as to the date at which you begin to pay us at least \$70 a mile for mail service. He has not answered my letter, and I see is off to England. Mr. Irving, whom the letter will introduce to you, if you do not know him already, will call on you when in Quebec. Be good enough to give him the certificate we want, to enable us to get our money from Washington.

" Yours very truly,

" C. J. BRYDGES.

" W. H. GRIFFIN, Esq."

" POST OFFICE DEPARTMENT,

" Quebec, 26th April, 1860.

" C. J. BRYDGES, Esq.,

" *Managing Director,*

" Great Western Railway,

" Hamilton.

" I hereby certify that an Order in Council has been passed authorizing the payment of a rate of Seventy Dollars per mile, to the Great Western Railway of Canada by this Department, for the transport of Her Majesty's Mails over the

said line of Railway, and that the rate so authorized will date from the 1st of April, 1854, and will continue as the allowance per mile to said Railway for the performance of the said service.

“ (Signed,) W. H. GRIFFIN,
“ Dy. P. M. G.

“ Certified to be a true copy from the Department record of the original certificate granted to Mr. Brydges at his request.

“ W. H. GRIFFIN,
“ Dy. P. M. G.

“ Post Office Department,
“ Quebec, 27th February, 1865.

482. Between the time you became manager, in September, 1862, and the date of the Order in Council of 12th August, 1863, were there any letters from yourself to the Post Office Department?

I believe I wrote one, when the Post Office informed the Company what amount had been placed to their credit, and on that occasion I believe I protested against it as being utterly inadequate. I can produce the letter.

483. When you speak of protesting against the rate as inadequate, do you mean the rate of \$70 per mile, or of \$100 per mile?

The rate allocated by the Post Office Department was I believe \$70 per mile, and it was to that rate of course that the letter referred.

484. Your accounts were rendered then at the rate of \$100 per mile? That was the amount claimed by your Company?

The accounts were rendered by the Company at \$100 per mile, for the purpose of closing their books at the end of the half year, but it was not the amount claimed by the Company. They were compelled to assume a sum which, as stated in my Memorandum, they could safely calculate upon receiving for the Postal service, under the most unfavourable circumstances, when an adjustment should be made.

485. Have you any letter complaining of the rate of \$100 per mile, as inadequate?

Yes. Two letters were written prior to August, 1863, of which I will produce copies.

486. Between August, 1863, and the meeting of this Commission, were there any letters from yourself to the Post Office Department, other than those contained in your statement?

No, I am not aware of any.

487. In January, 1861, there was a settlement of the account of the Great Western Company against the Post Office Department, up to September, 1858, in which settlement the Company was credited by the Department at the rate of \$100 per mile?

Yes, it so appears, but under protest.

488. Since the settlement just referred to, the Company has been regularly credited by the Post Office Department with the amount of their account, calculated at \$70 per mile?

I cannot say.

BY MR. WICKSTEED :—

489. The \$60 mentioned in the Express contract you have put in, of 1863, was it paid in gold?

It was paid in gold or its equivalent—but the weight of the local freight was allowed to make up for deficiencies under the six tons of through;—whereas under the new arrangement the two are kept quite distinct, and if 6 tons of through be not carried it has to be paid for, which has been the case several times under the existing understanding. Under the contract of 1863, the local freight was allowed to go in to make up the 6 tons, whereas under the new contract the Express Company pay the \$86 whether they carry the 6 tons or not, and the local freight is paid for separately at 1½ first class rates.

490. You think this difference makes the new contract more advantageous to the Company than that of 1863?

I believe the result will be, on the fall in the price of gold, that the last arrangement will be more favourable for the Company.

491. Do you consider the amount of business done by your railway to be a fair amount of business?

We have a carrying capacity equal to a very much greater amount of traffic than we have hitherto conveyed; but that which we have carried has not, under the circumstances in which the Company has been placed, enabled us to pay a fair dividend to the proprietors of the Company.

492. Does this arise mainly from deficiency of business, or from the inadequacy of the rates?

In a measure from the inadequacy of some of the rates at which we are compelled to carry. But we have been labouring under great disadvantages, owing to the depreciation of the American currency, which have rendered the through rates, though apparently high, less advantageous to the Company.

493. Your Company has a lease of the Suspension Bridge?

It has the right to use the Bridge in perpetuity, for a rent which amounts to \$45,000, per annum, in Canadian currency.

494. In what manner are you remunerated for this outlay?

By the amount of traffic which we carry over the bridge, and which we could not carry if the bridge were not there.

495. Do you charge any separate tolls for passing over the bridge?

No, not beyond what are included in the through rates and fares.

496. You do include something in that?

It has been estimated at 25 cents for passengers. But the through fare or rate covers all.

497. Do you know the cost of that bridge?

I believe six or seven hundred thousand dollars. I cannot speak accurately.

498. The Bridge Company still retains the lower floor of the bridge for the passage of ordinary vehicles and foot passengers, and receives, the tolls and profits arising therefrom?

It does.

BY THE CHAIRMAN :—

499. There is no separate toll paid by any passenger crossing over the bridge, it is included in the general fare?

Yes.

500. Can you state what proportion the through freight bears to the local freight, on the Great Western?

About 60 per cent.

501. Has the through freight increased or decreased since 1859.

I cannot say off-hand, but for the last half year there has been a considerable decrease.

502. Has the tariff for through freight increased or decreased since 1859 ?

I do not know what the charges for through freight were in 1859, so that I cannot make the comparison.

503. Have the rates for through freight decreased or increased, on the whole, since you have been manager ?

The rates have considerably increased, but the depreciation of the American currency would probably make the result about equal.

504. I understood you to say that the Company has been suffering from the depreciation of the American currency ;—is that correct ?

It is.

505. To what extent ?

For the half year ending 31st January, 1864, the loss on conversion of American currency, was £53,984 sterling, equal, say, to \$270,000.

506. Do you attribute then the falling off in the receipts of the Company to the derangement of the American currency, or to the insufficiency of the rates charged ?

To the derangement of the American currency, in so far as the conversion is concerned ; but the aggregate receipts shew a considerable increase.

507. If the charges were paid in gold, there would not be any decrease ?

No ; the results would be far better, if we carried the same amount of traffic.

508. Can you state whether the amount of through traffic has increased or diminished during your management ; be so good as to look at the half yearly statements ?

I can give you the information, but not from the half-yearly statements before me. I will produce the information you require.

BY MR. GRIFFIN :—

509. Does not the service performed for the Express Company include the carriage of an iron safe ?

It does.

510. Is that weight included in the six tons ?

The contract shews that we carry it free of charge.

BY MR. BRYDGES :—

511. The Express contract, that has been spoken of, of 1863, was \$60 per mile, in gold, which included both through and local express freight, and the second contract of 1864, at \$86 per mile, in green-backs, only included the through express freight, and left the local to be paid for in gold, according to the weight carried ;—is not that the case ?

Yes ; I have so stated.

512. The through express freight carried by the Express Company is paid for by the public to them in American currency ;—is it not ?

It is.

513. And therefore the payment by the Express Company to your Company of their through business in green backs, is a temporary arrangement to meet the depreciation of the American currency, in the same way as is the case with all your other through traffic ?

Yes.

514. The arrangement with the American Express Company was entered into partially for the same reasons that induced the Company to carry the United States mail, namely, as an advertisement for through business ?

Decidedly, that formed a material element in the question.

515. Does not the contract with the American Express Company have the effect of bringing to your line a large amount of through freight, which they control through a branch of their establishment?

Yes; from 30 to 60 car loads per week, of freight by freight trains.

516. You know the New York Central Railway?

I do.

517. Are you aware that the main line from Albany to Buffalo is the one over which they send their through express passenger trains?

Yes.

518. Are you aware that between two points on that line, namely, Syracuse and Rochester, they have a loop line, which is used for the accommodation of that district?

I believe they have, but I have never travelled by it.

519. In point of fact, the through passenger trains on the New York Central go by the direct line and not by the loop line to which I have referred?

Yes.

520. Can you tell, from your experience on the Great Western, whether rails break during any period of the year?

Yes; in the summer of 1862, we had 500 broken rails. In the winter of the same year we had 2,003 rails broken, or about 9 miles of rail. In the summer of 1863 we had 648 rails broken, and in the winter of 1863-64, 1470, or about 8 miles of rail.

521. Do you attribute this breakage to the climate of Canada?—or to what cause?

From the return just given it is manifest that the great difference of the breakage of rails in winter, as compared with summer, shows that the climate of this country is very destructive.

522. With reference to the Suspension Bridge at Niagara Falls, the mails coming into Canada and going out of Canada come across that bridge?

They do.

523. Without any extra cost to the Post Office Department?

Yes; all the English mails for and from Boston and New York, together with the Canadian mails to and from the States, and conveyed by the Great Western, have to pass over that bridge.

524. But, therefore, for the bridge, the Post Office would be put to considerable expense to cross the Niagara river?

Undoubtedly.

525. Is the local traffic in Canada, along the line of the Great Western Railway, in your opinion, sufficient to pay the interest upon the cost of making the railway and the rolling stock?

Certainly not.

526. The local business, such as it is, is competed for both by water and other lines of railway; and that I presume has the effect of diminishing the rates which you get for the traffic?

To and from the points where such competition applies the rates have to be reduced.

527. The local trade not being sufficient to pay interest on the cost of making the railways, Canadian Railway Companies are compelled to seek through traffic, which they are obliged to carry for such rates as they can get for it, provided there is any margin of profit left.—Is not that the case?

It is ; the Companies I believe would prefer to restrict themselves entirely to their local business, if it were sufficient to return an amount which would pay a reasonable interest on the capital invested.

528. In point of fact, therefore, the rates are fixed, not for the amount of profit they ought to yield, but from the necessities of the position of the railways ?

Unfortunately that is so.

BY MR. WICKSTEED :—

529. You run night trains on your Railway ?

Yes.

530. The Commissioners find that the Order in Council of 1858 allows one third more for trains run in the night, and that the American Post Office Act allows the Postmaster General to give 25 per cent more in cases where one half of the service is performed in the night.---Do you think there is any good reason for the distinction between night and day trains in these cases, and if so why ?

Certainly. If circumstances allowed the Companies to keep their road closed at night, a very heavy expense would be saved, and the risk of accident would be materially lessened.

531. But supposing freight trains to run on the road in the night, as well as passenger trains, would the Postmaster General still have reason to allow more for the carriage of mails by the night trains than by the day ?

Certainly.

532. Do you think the allowance made in the United States Act, and in the order of 1858 are fair and just---or should either be increased or diminished ?

I consider they are both inadequate.

534. Would the expenses of a night train on the Great Western, in proportion to the receipts, be greater than the expenses of a day train to its receipts, to a greater extent than would be covered by the allowance made by the Order in Council or the United States Act ?

Yes, because many of the stations, which might otherwise be closed, have to be kept open, and the expense of a night passenger staff in addition to a day staff incurred.

535. Would not these stations have to be kept open for the freight trains ?

No.

536. Would the number of passengers be greater by a night train than by a day ?

Locally we should practically get none.

BY THE CHAIRMAN :—

537. How many passenger trains go over your line at night ?

One night train each way between Suspension Bridge and Windsor, leaving Suspension Bridge at 11-45 P. M., arriving at Windsor at 9-45 A. M. The train from Windsor leaves at 6-45 P. M., and arrives at the Falls at 3-45 A. M.

538. Are these all the trains that run at night between Suspension Bridge and Windsor ?

All the passenger trains.

539. Then you have two passenger trains on the road at night ?

Yes, one each way.

540. These trains are run to make connection with foreign railways, are they not ?

They are.

541. And a considerable part of your through passenger traffic is carried by these trains ?

I cannot say what proportion, but I should think the night through travel was less than the day through travel.

542. Can you state the average number of passengers that travel by these trains ?

I cannot.

543. You have no doubt that the train is a profitable one, I presume ?

We do not, I believe, run it at a loss.

544. How many night freight trains do you run over your road ?

One each way ; leaving the Falls at 5.30 p.m., arriving at Windsor at 12 noon of the following day ; another leaving Windsor at 6 p.m., arriving at the Falls at 11.45 a.m., of the following day. Besides these there are other two trains (one each way) which partly run at night, one leaving Paris at 9.30 p.m., arriving at Windsor at 9.15, a.m. ; one leaving London at 11.10 p.m., and arriving at the Falls at 8.30 a.m. ; but these trains are cancelled if there should not be sufficient freight to make up a train.

545. You have then upon the road, between Windsor and Suspension Bridge, two passenger and two freight trains, running through at night, besides a train from Paris to Windsor and from London to the Falls, that is six trains each night. ---Are you obliged to keep a night staff of hands for the service of these trains on the different stations on your road ?

For the passenger trains we have to keep a passenger staff at the stations at which they call, being fourteen out of thirty-eight.

546. Are you obliged to have at the other stations, for your freight trains, a night staff ?

For the freight trains we are obliged to have such a night staff as will ensure the safe working of the road at all points. I cannot tell from memory at what stations we have a night staff set apart specially for freight business ?

547. Will you be good enough to inform me at how many stations between Suspension Bridge and Windsor you are obliged to keep a night staff ?

I will have a report prepared and hand it in.

548. Can you give an approximation of the number of stations at which a night staff is kept ?

I cannot ; I would prefer to submit an accurate statement.

549. Are your rates for freight or passengers higher by your night trains than by your day trains ?

No, we could not carry on business in such a manner.

550. Assuming the road to be necessarily kept open at night, do you think the cost of working the trains, either freight or passenger, greater by night than by day ?

Yes.

551. To what does the excess amount in your judgment ?

I should think from at least 50 to 70 per cent.

552. To what do you attribute that excess of cost of working night trains over day trains ?

To the doubling of the staff, to the expense of lighting the various stations and signals, and other incidental expenses attached to night work.

553. I find sir Rowland Hill, in his examination before the Committee of the House of Commons, was asked this question : " Is it more expensive to work by night than by day ? " ---to which he replied : " No, the difference is not perhaps material,

unless the line would be closed at night but for the circumstance of the Postmaster General requiring that a night train should be run."

I have no faith in Sir Rowland Hill's opinion in judging upon such a question; he has always been found to be advocating the payment of as low a rate as possible to the Railway Companies, for the benefit of his own Department, namely, the Post Office.

BY MR. CUMBERLAND :---

554. Is not bulk or measurement, as distinct from weight, an element in the classification of freight?

Yes.

555. Then if a customer contracted for the continuous hire and use of a box car, would you charge him upon the basis of the tonnage capacity of the car, or of the loads actually carried?

Upon the former.

556. Then your freight classification implies that bulk freight shall be equalized to tonnage, so that a car shall be made to earn the rates due to its tonnage capacity.—Is that so?

Yes, as far as practicable.

THO. SWINYARD.

(The following are the letters referred to in Mr. Swinyard's Evidence.)

" (Copy.)

—
" GREAT WESTERN RAILWAY,

" Hamilton, Canada West, 18th November, 1858.

" My dear Sir

" I enclose you a memorandum shewing the running of our trains during the winter. This arrangement will come into effect on the 29th instant.

" We must really come to a settlement in regard to mail service. You now owe us nearly \$100,000, and your default prevents our settling with the Department at Washington, besides keeping open an account with your Government for interest, which we should like to settle.

" Cannot a settlement be arrived at? Five years is a very long time to keep a question of this kind unsettled.

" I am, &c.,

" (Signed,) C. J. BRYDGES.

" W. H. GRIFFIN, Esq."

" (Copy.)

—
" GREAT WESTERN RAILWAY,

" HAMILTON, CANADA WEST,

" 6th January, 1859.

" Dear Sir,

" Referring to your enquiry, as to the service performed by this Company for the Post Office Dept., from the 1st January, 1855, to 31st December, 1858, I beg to give you the following information :

" The mails have been carried as follows: On the main line, from the 1st January, 1855, to 31st December, 1858, a Post Office distributing Car has been attached daily to one through express train East and West, and for the same period mail bags have been sent daily East and West, in charge of baggage men, on one or other through express train, making 4 trips daily throughout the whole length of the main line.

“ In addition to the above, commencing 19th May, 1856, newspaper bags have been sent from Toronto and Hamilton by the morning express train West.

“ From the 3rd August, 1857, to 31st December, 1858, a Post Office distributing car has been attached to the accommodation trains between London and Suspension Bridge.

“ From the 29th November, 1858, to 31st December, 1858, a distributing car has also been attached to the morning train from Hamilton to London, and the return train from London to Hamilton.

“ On the Toronto Branch a Post Office distributing car has been attached to all passenger trains, since the opening of that line on 3rd December, 1855.

“ On the Galt Branch, for 6 months, a mail clerk was employed---then from 1st July, 1855, to 28th December, 1857, our baggage-man acted as mail conductor.

“ From the opening of the line through to Guelph, on the 28th September, 1857, to 31st December, 1858, a Post Office distributing car has been attached to all trains between Harrisburg and Guelph.

“ On the Berlin Branch, our baggage-men attended to the Post Office business.

“ Trains between Sarnia and London have a Post Office distributing car.

“ The actual service performed by Post Office distributing cars, which, however, only forms a part of the entire mail service on this Railway, is as follows :

“ MILEAGE OF POST OFFICE CARS.

“ MAIN LINE.

“ From 1st January, 1855, to 3rd August, 1857, daily mileage, 458 miles.—Miles run.....	381,514
“ From 3rd August, 1857, to 31st December, 1858, daily mileage, 696½ miles.—Miles run.....	308,449½
“ From 29th November to 31st December, 1858, a further daily mileage of 152 miles.—Miles run.....	4,256
Total miles run on Main line.....	694,219½

“ GUELPH BRANCH.

“ From 8th September, 1857, to 31st December, 1858, daily mileage, 110 miles.—Miles run.....	43,120½
--	---------

“ TORONTO BRANCH.

“ From 3rd December, 1855, to 3rd November, 1856, daily mileage, 226½ miles.—Miles run.....	65,005
“ From 3rd November, 1856, to 5th July, 1858, daily mileage, 302 miles.—Miles run.....	157,342
“ From 5th July, 1858, to 29th November, 1858, daily mileage, 312 miles.—Miles run.....	38,688
“ From 29th November, 1858, to 31st December, 1858, daily mileage, 234 miles.—Miles run.....	6,552
	267,587

“ SARNIA BRANCH.

“ From 27th December, 1858, to 31st December, 1858, daily mileage,
122½ miles.—Miles run..... 612½

“ Total mileage from 1855 to 1858..... 1,005,539½

“ Very considerable service has been rendered beyond that of the Post Office distributing car.

“ This car is an entirely extra one on the train, and but for your requirements could be dispensed with, saving the Company a very large annual expense.

“ Clerks are also, as you are aware, carried free of charge in those cars, besides many of the officers of the Department being carried free on the Company's trains.

“ I believe there are now 12 Post Office Clerks travelling on this line daily in the distributing cars, whose fares, as ordinary passengers, would amount to a considerable sum. I hope this is the information you want. You do not ask any particulars prior to 1st January, 1855, but you are of course aware that mails were carried prior to that date.

“ Yours very truly,

“ (Signed)

C. BRYDGES,
“ Managing Director.

“ GILBERT GRIFFIN, Esq.,

“ P. O. Inspector, 7
“ London.”

“ (Copy.)

“ GREAT WESTERN RAILWAY,

“ Hamilton, Canada West, 23rd February, 1859.

“ Sir,

“ I beg to hand you this Company's account for the conveyance of Mails up to the 31st December, 1858, shewing a balance due of \$97,676.52.

“ I may take this opportunity of repeating that the rate per mile charged is an inadequate remuneration for the service performed, and is very considerably less than the sum allowed by the United States Post Office Department to the Railway Companies running in connection with this Railway.

“ I am, Sir,

“ Your obedient servant,

“ (Signed,)

C. J. BRYDGES,
“ Managing Director.

“ Honble. S. SMITH,

“ P. M. General.”

" THE HON. THE POSTMASTER GENERAL OF CANADA,

DR. " *To the Great Western Railway Co.*

" For Mail services performed by the said Company as under :

" 1858.	To balance of account rendered		
	22nd July, 1859.....	\$82,895.05	By balance \$97,676.52
" Decr. 31.	To the conveyance of Mails over		
	Main Line and Branches for the		
	six months ending 31st Dec., viz :		
	Over Main Line 229 miles @ \$100		
	per mile per annum.....	11,450.00	
	Over Toronto Branch 38 miles @		
	\$100 per mile per annum.....	1,900.00	
	Over Galt Branch 12 miles @ \$100		
	per mile per annum.....	600.00	
	Over Guelph Branch 15 miles @		
	\$100 per mile per annum.....	750.00	
	Over Sarnia Branch 51 miles from		
	27th to 31st Decr., 1858, 5 days		
	@ \$100 per mile per annum....	81.47	
		\$97,676.52	\$97,676.52

" 1859.

" Jan'y. 1. To balance brought down..... \$97,676.52

" HAMILTON, C. W.,

" 23rd February, 1859."

" (Copy.)

" GREAT WESTERN RAILWAY,

" Hamilton, Canada West, 7th March, 1860.

" Sir,

" Referring to the conversation I had with you in Quebec, about giving us credit on account of services rendered by this Company to the Post Office Department, I have now on the part of this Company to request that you will be good enough to pay to the Receiver General the sum of \$114,581.13, due by this Company for interest on the loan made to this Company for the half year ending 31st December, 1856, and charge the same as a payment to us for Post Office services. This need not affect the question of the rate per mile you will have to pay us. The amount will simply be carried to our credit, leaving the balance of the account between us to the settled hereafter.

" I am, &c.,

" (Signed,)

C. J. BRYDGES,
Managing Director.

" W. H. GRIFFIN, Esquire,

" D. P. M. General, Quebec."

" (Copy.)

" GREAT WESTERN RAILWAY,

" Hamilton, Canada West, 26th March, 1860.

" Dear Sir,

" You were good enough to give me a certificate, dated 29th February, 1860, that an Order in Council had passed, fixing the rate of payment for mail service

by Railways at \$70 a mile. I sent this certificate to Washington to obtain payment of the account due this Company for carrying mails for the United States, and they return it to me for a further certificate to the effect that the rate of \$70 a mile will be paid from 11th April, 1854, (the date we began to carry the United States mails), to the 31st December, 1859, up to which date our account was rendered.

"Will you be kind enough to send me the additional certificate thus required, to enable me to get the money due to us at Washington. Your early compliance with this request will bestow a great favor on,

"Yours faithfully,

"(Signed,) C. J. BRYDGES.

"Honble. SIDNEY SMITH,
"Postmaster General,
"Quebec."

"(Copy.)

"GREAT WESTERN RAILWAY,
"Hamilton, Canada West, 10th November, 1860.

"Sir,

"I beg to acknowledge the receipt of your letter of the 8th inst., and with reference to the payment of the interest upon the Provincial Loan to the Company, have to refer you to my letter of the 25th February, 1860, to the Finance Minister, and to the action of the Executive Council thereon.

"I have also to say that the Company has a very large account against the Government for the conveyance of mails. At the very inadequate rate hitherto charged this amounts up to 31st ult. to \$160,926.52 cents.

"The great depression of business in Canada during the last three years, aggravated by the loss of Traffic caused by the construction of parallel lines, part of the cost of which has been provided by the Government without interest, places it out of the power of this Company to pay interest upon the loan from the Provincial Government.

I am, &c.,

"(Signed,) "C. J. BRIDGES,
"Managing Director.

"T. D. HARRINGTON, Esquire,
"Deputy Receiver General."

"Copy.

"GREAT WESTERN RAILWAY,
Hamilton, Canada West, 2nd February, 1861.

"T. D. HARRINGTON, Esq.,
"Deputy Receiver General,
Quebec.

"Sir,

"I have the honor to acknowledge receipt of your letter (No. 698) of the 28th ult., enclosing copy of an Order in Council, dated 24th December last, passed on the recommendation of the Honorable the Receiver General, and providing that the amount acknowledged by the Post Office Department to be due to this Company for mail service should be paid over by the Postmaster General to the Receiver General, to the credit of this Company.

“Your letter further informs me that the sum of \$143,747.08, being the arrears stated to be due to this Company for mail services, had, in conformity with the Order in Council, been paid over by the Postmaster General to the public chest, on account of this Company.

“In reply, I am instructed to state that the amount acknowledged by the Postmaster General to be due to this Company for mail services does not in any way correspond with the Company's accounts, even at the very inadequate rate originally contemplated for that service, and I am to inform you that it is the intention of the Directors of this Company, at an early date, to make application to the Government that the rate may be considerably increased for services already performed, and made a fair equivalent for that service in the future.

“I have, &c.,

“(Signed,) W. C. STEPHENS,
“Secretary.”

(Copy.)

—
“GREAT WESTERN RAILWAY,
“Hamilton, 19th January, 1863.

“Sir,

“I have the honor to acknowledge the receipt of your letter of the 12th instant, in which you advise me that the Postmaster General has been pleased to place the sum of \$24,150 to the credit of the Great Western Railway Company, as payment for the Mail Service performed by the Railway for the year 1862.

“Having only recently assumed the management of the Great Western Line, I am not fully aware how far the question of payment for services rendered to the Post Office stands between your Department and the Company.

“I am informed however that the amount hitherto and now credited to us is so inadequate that it is impossible for the Company to be satisfied with it as a fair remuneration for the services they have performed.

“I am, &c.

“(Signed,) THO. SWINYARD.

“W. WHITE, Esquire,

“Secretary,

“Post Office Department, Quebec.”

—
15th March, 1865.

ALFRED BRUNEL, Esquire, sworn and examined.

BY THE CHAIRMAN :—

557. You were the manager of the Northern Railroad for some time ?

I was manager for three years.

558. Have you ever considered what would be the reasonable rate for the Post Office Department to pay for the service performed for it by the Great Western Railway .

I made some calculations in relation to it, based on the published returns of the Company.

559. Would you be so good as to state the process by which you arrived at the price to be paid for the service, and what that price was ?

I made the following calculations as to the value of the service on the Great Western Railway. They are based on the principle of paying for the Postal compartment at the same rate, weight for weight, as the other parts of the Train are paid for by the general public.

1st.—Average number of passengers carried in each car.

	Total passenger mileage	19,763,737
Mileage of 1st class cars.....	894,714	
2nd do do	303,986	
	<u>1,198,700</u>	

The average number of passengers travelling in each car was therefore 16.489.

2nd.—Average number of cars in each train.

Passenger train mileage, = 272.070.....		
Mileage of 1st class cars.....	894,714	
Average number of 1st class cars in each train.....		= 3.288
Mileage of 2nd class cars.....	303,986	
Average number of 2nd class cars in each train.....		= 1.117
Mileage of Post Office, Express, baggage and conductors' cars	727,837	
Average number of P. O., &c., cars in each train.....		= 2.675
		<u>7.080</u>
Total average No. cars in each train.....		

3rd.—Average weight of cars in each train.

The Company has twice as many 8 wheel passenger cars as it has of the 12 wheel cars. I may therefore average the weight of that class of cars as follows :

2 Eight wheel cars	each 30,000 lbs.	60,000 lbs.
1 Twelve do		37,000
		<u>97,000</u>
	Average weight.....	32,333

The average weight of 2nd class cars is stated to be 20,000 lbs.

Eight wheel baggage cars are returned as weighing 20,000, while 12 wheel cars are said to weigh 30,000 lbs. each.

The Company had in stock an equal number of each of these classes of cars, the average weight may therefor be stated at 25,000 lbs.

4th.—The DEAD weight in the train will therefore be :—

3.288—1st class cars.....	@ 32,333 lbs.	= 106,310 lbs.
1.117—2nd do	20,000	22,340 "
2.675—Baggage, &c.....	25,000	66,775 "
		<u>195,425 lbs.</u>
Total dead weight.....		

As one third of a baggage car is allotted to the Post Office, its weight is 8,333 lbs. and therefore = .0426 of the whole dead weight.

Deducting the weight of the Postal compartment, the weight of the remaining part of the train will be = 187,092 lbs.

5th.—The Weight of the train AND its load.

The weight due to passengers may be closely approximated by allowing 125 lbs. as the weight of each, and 50 lbs. of baggage with each passenger.

The weight of foreign mail and express matter cannot be stated with any great degree of certainty. The capacity of the car space available for carrying it—after deducting the Postal compartment and the weight of passengers baggage—is equal to 43,203 lbs.

The earnings from foreign mails and express matter were \$22,209.06 = 8.163 cents per passenger train mile. By the highest tariff for freight named by Mr. Swinyard, in a letter addressed to Mr. Mowat, the weight carried for this rate would be less than a ton--(.8163)---but it seems absurd to suppose that so large a carrying capacity would be moved continuously for so small a quantity; we must therefor assume either that foreign mail matter and express matter is carried at very low rates or that the space is much more nearly occupied by passengers baggage. It is assumed therefore that for one or other of these causes the space is occupied to at least one-fifth of its whole extent, and that foreign mail matter, express matter and passengers' extra baggage will together amount to not less than 8,640 lbs. From this data we have the following result :

Dead weight of train.....	187,092 lbs.
72.63 passengers @ 125 lbs. each.....	9,078
Baggage with do	3,631
Express matter extra baggage } and foreign mail matter. }	..... = 8,640
<hr/>	
Weight of train and load } minus the P. O. compartment. }	..... = 208,441 lbs.

6th.—As above stated the passenger train mileage was 272,070 miles.

The earnings of passenger trains were.....	\$548,959 00
Of which \$14,559.10 were from local mails, leaving the earnings from other services as.....	\$534,400 00
The earnings per train mile were therefore..	\$1.9642 cts.

7th —And the Company carried the weights above arrived at, for the following rates, at a speed of 24 miles per hour :

The paying load at .0092 cents per lb. per mile.
The Train and the paying load at .00094233 cents per lb. per mile.
Or—stating the rate at per ton per mile :
The load pays at 18.4 cents per ton per mile ;
The dead weight and the load pays at 1.88466 cents per ton per mile.

8th.—I have estimated the weight of the train apart from the Post Office compartment at 187,092 lbs. and its load is estimated as follows :

Passengers.....	9078 lbs.
Baggage.....	3631 “
Express, &c.....	8640 “
<hr/>	
	21349 lbs.

And I have shewn that the weight of the postal compartment is = 8,333 lbs. If the postal compartment is loaded proportionately with the other parts of the train, the following ratio will explain the load :

As 187,092 lbs. : 21,349 lbs. :: 8,333 lbs. : 950.8 lbs.

9th.—950.8 lbs. is therefore the load of the postal compartment, for which the department ought to be debited. Therefore—

The postal compartment and its
load = 8333 lbs. + 950.8 lbs. = } @ .00094233 cts. per lb. = 8.748 cts.
9283.8 lbs.

per mile run ; or—

The load of the postal compart- } @ .0092 cts. per lb. = 8.747 cts.
ment = 950.8 lbs.

per train mile.

10th.—And the rate thus arrived at is equivalent to \$54.76 per mile per annum, for a single service.

11th.—It may be here remarked that the above calculations are based on averages spread over the whole transactions of the Company during the half year. It may be proper to make some distinction between the payment for mails carried in slow trains, and the payment made for those which are carried in fast Express trains, for it is on all hands admitted that matter is carried over Railways at a cost in some proportion to the speed at which it is moved, though the exact ratio is not settled.

The following calculations relative to the movement of freight trains and freight on the Great Western Railway, will give some clue to the value which railway managers attach to the movement of matter at freight train speed, in comparison with the cost of its more rapid movement by passenger trains.

12th.—The Company's Reports do not give the mileage of the freight tonnage, except as to merchandise. The mileage of live stock is given with reference to each head, and from this the following estimate of the mileage of one ton is made :

	Equivalent mileage of one ton.	
Merchandise, mileage of one ton.....	28,475,418	
Vehicles, mileage of one.....	16,341=	8,170
Horses " "	192,488=	96,244
Cattle " "	12,480,489=	4,160,163
Calves " "	38,439=	6,406
Sheep " "	4,338,135=	289,269
Pigs " "	32,160,517=	3,216,051
Local, approximated from earnings.....		122,010

Total mileage of one ton..... 36,374,731

13th.—The mileage of freight cars was 7,773,465, therefore the average load of each car was 4.679 tons, and if we consider the average capacity of each as 10 tons, they were loaded to .4679 of that capacity.

14th.—The mileage of freight and stock trains was 438,982 miles, which gives an average load per train of 82.859 tons loaded in 17.707 cars.

15th.—The total earnings by the freight trains was \$885,372.15, therefore the earnings per train mile were 201.68 cts. or 2.434 cents per ton per mile.

16th.—In the Report of the Railway Commissioners for 1860, at p. 166, I find a statement in relation to the Great Western Railway Stock signed by Mr. Sharpe, Superintendent of the Car Department, from which I gather the following particulars relative to weights of cars. From this statement it appears that the Company's freight stock then consisted of the following :

830 Box freight cars, each weighing	18,500	lbs.	=	15,355,000
94 " " "	12,000	"	=	1,128,000
240 Platform cars, "	18,000	"	=	4,320,000
6 Timber " "	38,000	"	=	228,000
6 " " "	8,000	"	=	48,000
31 Conductors' cars "	20,000	"	=	620,000
1207				<u>21,699,000</u>

The average being 17,976 lbs.

17th.—The average weight of a freight train with its load will therefore have been as follows :

17.707 Cars, each 17,976 lbs.	=	317,189 lbs
82.861 Tons of freight.	=	165,722 "
Total		<u>482,911 "</u>

18th.—And since the average earnings per train mile have been \$2.0168, it follows that the Company received for hauling these weights at a speed of twelve miles per hour :—

19th.—For the paying load .001217 cents per lb. per mile, and for the dead weight and load together, .00041763 cents per lb. per mile.

20th.—Or,—stating the rate at per ton per mile :

The load pays	2.434	cents per ton per mile
The dead weight and load together pay	.83526	" " "

21st.—Comparing these figures with the parallel ones arrived at in respect of the passenger trains, we have the following :

The load in freight trains, travelling at 12 miles per hour, pays 2.434 cents per ton per mile.	} and {	The load in passenger trains, travelling at a speed of 24 miles per hour, pays 18.4 cents per ton per mile, being an advance of 655.9 per cent.
The load and dead weight moving at the speed of 12 miles per hour, pays at the rate of .83526 cts. per ton, per mile.	} and {	The load and dead weight moving at a speed of 24 miles per hour, pays at the rate of 1.88466 cts. per ton per mile, being an advance of 125.6 per cent.

The statistics on which the preceding calculations are based will be found in the report of the Directors for the first half of 1863, except as otherwise noted.

22nd.—An approximation to the value of the postal compartment may be reached by another line of argument, thus :—

23rd.—According to the figures given in the Directors' report, the earnings exclusively from passengers, amounted to 2.59 cents per passenger, per mile.

The whole earnings by the passenger trains, minus the receipts for carrying Canada Mail matter, were \$534,400, of which sum \$22,209 was earned by the carriage of Foreign Mail matter, and Foreign and Local Express matter.

25th.—It seems just to debit the exclusively passenger traffic with a portion of the train in proportion to the earnings derived from that traffic. And since the whole weight of the train, minus the Post Office Compartment is 187,092 lbs. the following ratio will be approximately correct :

As the whole earnings are to the whole dead weight of the train, so are the earnings from Foreign Mail matter and Local and Foreign Express matter to the dead weight of train appropriated to the conveyance of that matter, or :—

As \$534,400 : 187,092 lbs. :: \$22,209 : 7,775 lbs.

26th.—This deducted from the dead weight of the train (187092—7775) we have 179,317 lbs. as the dead weight hauled exclusively for passenger traffic service.

27th.—And since the trains carry on an average 72.63 passengers, and the weight of the Postal compartment is 8,333 lbs. we have the following ratio :
As 179,317 lbs : 72.63 passengers :: 8,333 lbs : 3.37, the number of passengers due to the capacity of the Postal compartment.

28th.—And $3.37 \times 2.59 = 8.72$ cents per train mile, which is the value of the postal service = \$54,58 per mile per annum for a single service.

560. Have you made any calculations respecting the Grand Trunk Railway Company, similar to those you have just submitted with respect to the Great Western?

I have made some calculations but because the printed returns of the Grand Trunk Company do not afford the same data as the Great Western returns, I have not been able to make my calculations take exactly the same form.

561. Be so good as to state your calculations respecting the Grand Trunk?

My calculations proceed on the basis of such general traffic rates as would make the road profitable if the traffic on the Railway were approximated to its full capacity.

I assume as the maximum mileage, figures proportionate to what has been already reached on some American road doing a profitable business and paying interest on its capital. I select the New York Central :

The mileage of 1861 of all descriptions of trains was 4,577,786.

The length of the road is..... 555.88 miles

The length of the Grand Trunk is taken at..... 1068 "

And as 555.88 : 1068 :: 4,577,786 : 8,775,411 miles, the proportionate mileage for the Grank Trunk.

So far as I can ascertain from the Report of the Railway Commissioners for 1861, the interest on the cost of the Grand Trunk, minus the aid granted by the Province, together with the annual payments on the leased lines, amounts to about \$2,621,894 to meet which requires a profit over working expenses on the above train mileage of 29.6 cents per mile.

In the report above quoted I find stated the cost of the undermentioned services :

Fuel per mile run by engines.....	8.41	cents.
Engine repairs do do	8.06	"
Cars do do do	0.99	"
Repairs of permanent way and track.....	24.72	"
	<u>42.18</u>	

To which must be added the costs of various other services, such as porters, switchmen, oil, waste, conductors, brakemen, enginemen, firemen, general expenses, superintendence, &c., &c., which I have collated from the returns of the New York Erie Road, because they are not given in any Grand Trunk returns within my reach. They were as follows :

	cts.
Porters, switchmen, and attendance per train mile.....	1.68
Passenger conductors, brakemen, &c., do	4.91
Do Enginemen and firemen do	5.23
Do Oil, waste, and tallow for engines do	1.66
Do do do do cars do .....	.24
General expenses, superintendence, telegraph, and damages to persons and property.....	4.05
Repairs of buildings and taxes, &c.....	4.69
	<u>22.46</u>

Items from Commissioner's Report as above..... 42.18

Total cost of operating	64.64
And adding thereto the toll as stated.....	29.60

The earnings per train mile required to give a profit sufficient to meet the }
interest, &c., on capital will be } 94.24

Referring again to the Railway Commissioners' Report, I find the average number of cars running in the passenger trains of the Grand Trunk Railway in 1860, stated as 4.16, which number, I suppose, will have been made up as follows :

- 2.16 passenger cars,
- 1 baggage car,
- 1 Post Office and baggage car.

By the average weights of the cars as given in the same report, the weight of such a train (exclusive of engine and tender), will be as follows :

1 Post Office and baggage car.....	30,248 lbs.
2.16 Passenger cars.....	58,320 "
1 Baggage car.....	26,600 "

Total weight..... 115,168 lbs.

It is stated in the Blue Book laid before Parliament in 1863, containing Grand Trunk papers, that the average weight of the Post Office compartment is 10,682 lbs., which is somewhat greater than a third of the weight above stated, a difference which may in some measure be due to the Post Office fittings. This weight is equivalent to .092 of the whole weight of the train.

Therefore the payment for the Post Office compartment should apparently be .092 of the train earnings above arrived at, or 8.67 cents per train mile.

562. Have you made any calculations based upon the actual earnings of the road ?

I made a set of calculations based upon the earnings of the road for the last half of 1862, and on the returns as to weight and composition of trains referred to in the previous calculations.

563. Will you be so good as to state those calculations ?

These calculations proceed on the assumption that the Post Office should pay for the weight of the Post Office compartment a rate proportioned to what is paid for the other parts of the train by the general public.

For the last half of 1862, the earnings for Passengers, Mails and Express are stated to have been as follows :

Passengers.....	£127,180	0	5 stg.
Mails and Express.....	23,374	18	0
Baggage.....	986	2	5

£151,541 0 10 stg. or in

dollars \$737,499 69.

I have separated the Express earnings from the Mail earnings, by deducting the last account rendered by the Railway Company, 5th October, 1861, at \$110 per mile..... = \$44,305

And the amount paid for special service which appears to have been charged for the half year at..... 10,000

Making together..... \$54,305

from the £23,374 18s. 0d. stg., = \$113,757.84, earned from Mails and Express, which leaves the sum of \$59,452 84 as the earnings from Express, and :--

The earnings exclusive of earnings from Mails were \$683,194 69.

The mileage run by passenger trains in the half year referred to above, was 419,228, but as it appears that the earnings from the passengers carried in the "mixed trains" has been included in the general passenger earnings above given, some portion of the mixed train mileage must be added to the passenger train mileage. I have endeavoured to approximate the mileage to be so added by the following method.

The Railway Commissioners' Report for 1861 gives the average number of cars running in the mixed trains as 13.5, and I assume that the trains may have been composed as follows :

- 1 Baggage and P. O. car.
- 1 Passenger car.
- 11.5 Freight cars.

Taking the average weight of the several descriptions of cars from the same Report, the weight of the train, (exclusive of engine and tender,) will have been :--

1 Baggage and P. O. car.....	30,248 lbs.
1 Passenger.....	27,000
Weight of passenger portion.....	57,248
11.5 Freight cars.....	201,250

The total weight of the train..... = 258,498 lbs.

And that part of it, run for passenger account, is therefore = .221 of the whole train. And since the mixed train mileage was (page 26) 339,127, the portion

of it, which I must add to the ordinary passenger train mileage, will be 74,947, and this added to 419,228, = 504,175, the mileage due to the passenger service, and since the earnings from that service were \$683,194.69, the earnings per mile were = 135.5 cents.

In 1860, when the *gross* earnings of the passenger trains were 130 cents per train mile, the average number of cars in a train was returned at 4.16. For the half year ending 31st December, 1862, the *gross* earnings were about 146 cents. It may be assumed therefore that the average number of cars in each train was also increased, probably to five in a train.

Taking the weight of cars from the Railway Commissioners Report the composition and weight of the trains may be estimated as follows :

2 1st Class passenger cars.....	54,000
1 2nd do do	24,300
1 Baggage and P. O. car	30,248
1 Baggage car	26,600

Total weight of train.....	135,148
----------------------------	---------

The Blue Book of 1863 containing G. T. papers gives the average weight of the P. O. compartment at 10,682 lbs., it is therefore equal to .0789 of the whole weight of the train ; and as the earnings per train mile were 135.5 cents, the value of the P. O. compartment appears to have been 10.69 cents per train mile.

564. Mr. Brydges, in his answer to question 13, estimates the earnings of passenger trains for the first half year of 1864, at \$1.12 for passenger trains, and \$1.44 for freight trains ;--at what rate would you estimate the price to be paid by the Post Office Department on that basis ?

Based on the passenger train earnings it comes to \$8.83 cents.

565. Have you made any calculation with respect to the Northern road ?

As far as the returns enabled me to do so, I made calculations on the same general principles, that is on the actual earning of the road and the weight of trains ; and the result arrived at was \$50.72, for a single service, per mile per annum. The calculations in reference to this road are not in such form as will permit of their being put in, but I can put them in form for tomorrow if desired.

Examination of Mr. Griffin, resumed—16th March, 1865.

BY THE CHAIRMAN :—

566. Can you now state the nature of the service performed by the New York Central Railway for the Post Office Department of the United States ?

I have procured the returns of the frequency and average weight of the mails sent and received daily on the New York Central Road, and which I now produce :

STATEMENT of Total Weight of Mail Matter passing over the New York Central Railway, as despatched from, and received at Albany and Troy, with proportion of weight by distributing Post Office Train and by other Trains respectively, for week ending 7th March, 1865.

	By DISTRIBUTING POST OFFICE TRAIN.	By OTHER TRAINS.*
	lbs.	lbs.
Total Despatched from Albany and Troy.....	1050	70110
Total Received at Albany and Troy.....	1200	24353
TOTAL	2250	94463
Per day	322	13191

* Including Sunday Trains carrying Mails.

WEIGHT of MAILS DESPATCHED from ALBANY by the New York Central Railway, from 1st to 7th March 1865, (exclusive of Sunday :)

Date.	Hours of departure of Trains.						Total.
	Local. 7.00 A. M.	Trav. P. O. 9.30 A. M.	Through. 1 00 P. M.	Local. 5 15 P. M.	Through. 6.00 P. M.	Through. 11.00 P. M.	
March 1	755	175	3145	155	1800	1597	7327
" 2	720	175	4727	462	850	2520	9454
" 3	890	175	2930	170	1369	1730	7264
" 4	845	175	3124	160	1754	1380	7438
" 6	600	175	900	90	1971	1600	5336
" 7	465	175	2236	140	1725	1730	6471
Total ..	4275	1050	17062	1177	9469	10557	43590
Average daily weight...	712½	175	2844	196	1578	1759	7264½
Sunday 5	.....	.....	.....	.....	.....	570	.....

By *Through* and *Local* Trains not carrying a *Distributing Post Office*.

at 7.00 A. M. 712½
at 1.00 P. M. 2844
at 5.15 " 196
at 6.00 " 1578
at 11.00 " 1759

7089½

Add estimated Weight of Mails.

via Troy.....4500

11589½

By Train carrying *Distributing Post Office*,

at 9.30 A. M.....175

175

11764½

WEIGHT OF MAILS RECEIVED at ALBANY by NEW YORK CENTRAL RAILWAY
from 1st to 7th March, 1865, (exclusive of Sundays.)

DATE.	HOURS OF ARRIVAL OF TRAINS.					TOTAL.
	6 35 A. M.	9 10 A. M.	2.30 P. M.	4.00 P. M.	9.00 P. M.	
March 1	820	654	200	600	570	2844
" 2	740	230	200	630	990	2790
" 3	420	680	200	620	530	2450
" 4	450	994	200	345	770	2759
" 6	620	25	200	290	570	1705
" 7	1060	480	200	510	510	2760
Total...	4110	3063	1200	2995	3940	15308
Average daily weight	685	510	200	499	606	2550
On Sunday 5	570	675	.....	.....	.....	.....

TOTALS.

By *Through Trains.* lbs.

at 6.35 A. M. 685

at 9.10 " 510

at 4 00 P. M. 499

at 9.00 " 606

2350

Add estimated weight of Mails *viâ Troy*..... 1500

3850

By Travelling Post Office @ 2.30 P. M..... 200

4050

567. What is the rate paid by the Post Office Department for the service ?
Two hundred dollars per mile of railway per annum.

568. Have you prepared a return of the services at present performed by all
the Railways in this Province for the Post Office Department ?

Yes, as the service was performed in February ;—I now produce it :—

STATEMENT OF POSTAL SERVICE AT PRESENT PERFORMED BY THE SEVERAL
RAILWAYS IN CANADA.

GRAND TRUNK.

QUEBEC AND RIVIÈRE-DU-LOUP (*en bas*).

One daily service each way by mixed train, leaving Quebec and Rivière-du-Loup respectively at 9.30 A. M., with travelling Post Office and Railway mail clerk in charge.

QUEBEC AND MONTREAL.

One service each way by night Express Passenger train, leaving Montreal and Quebec respectively at 10.10 P. M., and 7 P. M., with travelling Post Office

and Railway mail clerk in charge, connecting with day train from and for Toronto.

Second service each way between Montreal and Richmond only by day train, leaving Montreal and Richmond respectively at 8 A. M., and 9.30 A. M., with travelling Post Office and Railway mail clerk in charge.

Bags are also sent between Montreal and Richmond only by the mixed train, leaving Montreal at 2 P. M. daily.

RICHMOND AND BOUNDARY LINE.

One service each way daily by mixed train, leaving Richmond and Boundary Line respectively at 3 P. M., and 6.55 A. M., with travelling Post Office and Railway mail clerk in charge. Bags are also sent in charge of the Company's servants, by the train leaving Richmond at 6 P. M. daily.

MONTREAL AND TORONTO.

One service each way by day Express passenger train, leaving Montreal and Toronto respectively at 8 A. M. and 6.30 A. M., and connecting with the train from and for Quebec, with travelling Post Office and Railway mail clerk in charge.

Second service each way by night Express passenger train, leaving Montreal and Toronto respectively at 8.15 P. M. and 5.30 P. M., with travelling Post Office and Railway mail clerk in charge.

TORONTO AND LONDON.

One service each way by day passenger train, leaving Toronto and London respectively at 3.40 P. M. and 6.45 A. M., with travelling Post Office and Railway mail clerk in charge. Bags are also sent each way daily, by trains leaving Toronto and London respectively at 7.45 A. M. and 11 A. M.

STRATFORD AND SARNIA.

One service each way by day Express passenger train, leaving Stratford and Sarnia respectively at 1.05 P. M. and 8.45 A. M., with travelling Post Office.

MONTREAL AND ST. ARMAND STATION, (PROVINCE LINE,) WITH BRANCH FROM ST. JOHNS TO ROUSE'S POINT.

1. One service each way by day Express passenger train, leaving Montreal and St. Armand Station, respectively, at 3 P. M. and 7 A. M., with travelling Post Office and Railway mail clerk in charge.

2. Bags are also sent daily by passenger train from St. Armand Station at 7.05 P. M. to Montreal, in charge of Company's servants.

3. Bags are sent each way once daily, between St. Johns and Rouse's Point, by Express passenger trains, leaving those places respectively at 4.30 P. M. and 6.15 A. M., in charge of the Company's servants.

4. Bags are sent daily from Montreal to St. Johns by Express train at 8 A. M., in charge of Company's servants.

MONTREAL AND PROVINCE LINE *via* LACHINE.

Bags are sent daily once each way by Mixed train, leaving Montreal and Province Line respectively at 3 P. M. and 7.30 A. M., in charge of the Company's servants.

Bags are also sent once each way daily between Montreal and Lachine by Express passenger trains, leaving the above station respectively at 7 A. M. and 4 P. M., in charge of the Company's servants.

GREAT WESTERN RAILWAY.

CLIFTON AND WINDSOR.

One service each way daily by Express passenger train, leaving Clifton and Windsor respectively at 7 A. M. and 11.15 A. M., with travelling Post Office and Railway mail clerk in charge.

Second service each way daily between Clifton and London by Passenger train, leaving Clifton and London at 3.05 P. M. and 6.20 A. M., respectively, with travelling Post Office and Railway mail clerk in charge. Bags, in charge of the Company's servants, are also sent daily each way between Clifton and Windsor by trains, (Express Passenger) leaving those places respectively at 11.45 P. M. and 6.45 P. M., once daily from Windsor to Clifton by Express Passenger train leaving Windsor at 7.30 A. M., and once daily from Hamilton to London by day Express train leaving Hamilton at 2.10 P. M., also once daily each way from London to Appin.

LONDON TO SARNIA.

One service each way daily by mixed Passenger train leaving London and Sarnia respectively at 5.15 P. M., and 7.50 A. M., with travelling Post Office and Railway mail clerk in charge.

HAMILTON TO TORONTO.

One service each way daily by Express Passenger train, leaving Hamilton and Toronto respectively at 9.45 A. M., and 6.45 A. M., with travelling Post Office and Railway mail clerk in charge.

Bags, in charge of the Company's servants, are also conveyed once each way daily by mixed Passenger trains leaving Toronto and Hamilton respectively at 3.30 P. M., and 7.25 P. M.

GUELPH AND HARRISBURG.

Two services each way daily by mixed trains leaving Guelph at 7.30 A. M. and 4.20 P. M., and Harrisburg at 10.05 A. M. and 6.50 P. M., with travelling Post Office and Railway mail clerk in charge.

BUFFALO AND LAKE HURON RAILWAY.

One service each way daily by Passenger train, leaving Buffalo and Goderich respectively at 6 A. M. and 9 A. M., with travelling Post Office and Railway mail clerk in charge.

Bags are also sent each way once daily between Fort Erie and Wainfleet in charge of the Company's servants.

LONDON AND PORT STANLEY RAILWAY.

Bags sent once each way daily in charge of the Company's servants by trains leaving London and Port Stanley respectively at 7 A. M. and 5.15 P. M.

WELLAND RAILWAY.

One service each way daily by Passenger train, leaving St. Catherines and Port Colborne at 9.20 A. M. and 11.15 A. M., respectively, with travelling Post Office and Railway mail clerk in charge.

NORTHERN RAILWAY.

One service each way daily by Passenger trains, leaving Toronto and Collingwood respectively at 8 A. M. and 3 P. M., with travelling Post Office and Railway mail clerk in charge.

Bags are also sent once each way daily, by trains leaving Toronto and Collingwood respectively, at 3.40 P. M. and 6 A. M., in charge of the Company's servants.

PORT HOPE AND LINDSAY RAILWAY.

Bags are sent in charge of the Company's servants, once each way daily, by trains leaving Port Hope and Lindsay respectively at 3 P.M., and 9.40 A.M.

PETERBORO' BRANCH.

Bags are sent in charge of the Company's servants, once each way daily, by trains leaving Port Hope and Peterboro' respectively at 10.15 A.M. and 3.30 P.M.

BROCKVILLE AND OTTAWA RAILWAY.

One service each way daily by passenger trains leaving Brockville and Arnprior respectively at 7 A.M. and 12.10 P.M., with Travelling Post Office and Railway mail clerk in charge.

PERTH AND SMITH'S FALLS BRANCH.

Bags are sent once each way daily in charge of the Company's servants.

OTTAWA AND PRESCOTT RAILWAY.

One service each way daily by passenger trains, leaving Prescott and Ottawa respectively at 1.30 P.M. and 8 A.M., with Travelling Post Office and Railway mail clerk in charge. Bags in charge of the Company's servants are also sent daily, each way, by trains leaving Prescott at 7 A.M., and Ottawa at 12.30 P.M.

SHEFFORD RAILWAY.

One service each way daily by passenger train, leaving Waterloo and St. Johns respectively at 6 A.M. and 5 P.M., with Travelling Post Office and Railway mail clerk in charge.

569. Can you produce returns of the weight of mail matter carried upon each railway employed by the Post Office ?

I have caused such return to be prepared, as accurately as time would permit, and I now produce it :

RETURN shewing the daily average WEIGHT OF MAILS passing over the whole length of the several RAILWAYS used for MAIL transmission in CANADA.

RAILWAY.	Length of Railway or Section.	Average daily Weight of Mails over whole length of Railway (Gross weight including Mail Bags.)
GRAND TRUNK.	Miles.	Lbs.
Quebec and Rivière du Loup.....	126	350
Quebec and Richmond	96	1500
Montreal and Richmond.....	76	1900
Richmond and Boundary Line.....	55	300
Three-Rivers and Arthabaska	35	1 0
Montreal and Kingston.....	172	2200
Kingston and Toronto.....	161	2400
Toronto and Stratford.....	88	10 0
Stratford and London.....	32	360
St. Marys and Sarnia.....	70	150

RETURN shewing the daily average WEIGHT OF MAILS, &c.—(Continued.)

RAILWAY.	Length of Railway or Section.	Average daily Weight of Mails over whole length of Railway (Gross weight including Mail Bags.)
MONTREAL AND CHAMPLAIN.		
Montreal and St. Johns.	26	900
St. Johns and Rouse's Point.	23	130
Montreal and Hemmingford.	40	90
VERMONT JUNCTION.	26	600
SHEFFORD RAILWAY.	43	120
PRESCOTT AND OTTAWA.	53	450
BROCKVILLE AND OTTAWA.	69	600
Perth Branch.	12	....
PORT HOPE, LINDSAY AND PETERBORO. . .	56	215
NORTHERN RAILWAY.		
Toronto and Collingwood.	91	500
GREAT WESTERN.		
Toronto and Hamilton.	39	2000
Suspension Bridge and Windsor.	229	1600
Guelph and Harrisburg.	28	300
London and Sarnia.	51	250
Komoka and Sarnia.		
BUFFALO, BRANTFORD AND GODERICH.	160	300
WELLAND.	25	100
LONDON AND PORT STANLEY.	24	200

Post Office Department, 11th March, 1865.

W. H. GRIFFIN,
D. P. M. G.

570. By what route did the New York mails from Montreal pass, prior to the opening of the Vermont Central Junction?

Over the Montreal and Champlain road, from Montreal to St. Johns and Rouse's Point.

571. By what route does the mail between New York and Montreal now pass?

From Montreal as far as St. Johns, a distance of about 27 miles, along the Montreal and Champlain road, and from St. Johns by the Vermont Central Junction road to St. Armand, a distance of about 22 miles.

572. Upon what terms were the mails carried along the Montreal and Champlain road, so long as that was the route to New York?

Under agreements as to price which had existed for 28 years, and as to which no dispute has ever arisen.

573. Upon what terms is the mail carried at present from Montreal to New York?

From Montreal to St. Johns the mail has been carried under the old arrangement ; from St. Johns to St. Armand there is no specific arrangement, but we consider it subject to the Order in Council of September 1858, unless some specific arrangement is come to.

574. The Montreal and Champlain road, from St. Johns to Rouse's Point, has become, since the change you have spoken of, a mere local road ?

Almost so ; but mails are still sent over it for portions of the United States, namely, for Plattsburgh and the Ogdensburgh road, but the main part of the United States mails from Eastern Canada pass by way of St. Johns and St. Armand.

575. The Montreal and Hemmingford was always a merely local road ?

Yes.

BY MR. BRYDGES :—

576. This statement of the weights of mails is, I suppose, an average of the weights usually carried ?

Yes.

577. It includes of course all mails, local, through, English, and in fact every mail that usually goes over the railroad ?

Yes, all mails carried by the regular trains.

578. The Montreal and Champlain line, from St. Lambert to Rouse's Point, has been in operation about 10 or 11 years, I believe ?

It has been in operation for a little over 14 years.

579. The mails upon that line have never been carried in a distributing car, until two or three weeks ago. Is not that the case ?

They have never been carried in a sorting car, to the best of my memory.

580. And generally the mails have been carried in the ordinary baggage car without a post office attendant ?

Yes, generally.

581. In winter the Post Office, until the Victoria Bridge was used, received and delivered the mails at St. Lambert, on the south shore of the St. Lawrence, did they not ?

I think it most likely was so.

582. The Post Office used simply the trains that the company ran, and never required any particular trains to be run, or hours fixed for their accommodation ?

Yes, we never interfered with the railway hours.

583. Will you tell me the weight of the mails carried in the Montreal and Champlain line as compared with the weight of the mail carried over the heaviest portions of the Grand Trunk Railway ?

A little over one third of the weight, 900 on the Champlain compared with 2400 on some parts of the Grand Trunk.

584. How lately have you paid the Champlain line between Montreal and Rouse's Point ?

I cannot say exactly, probably up to the 31st December last, as the Company is in the habit of rendering its accounts and receiving payment quarterly.

585. Will you tell me the amount paid by the Post Office Department, for carrying the mails between Montreal and Rouse's Point ?

I have no copy of the last account with me, but of course a copy of the last account can be furnished.

586. I believe the paper now produced by me is the account, amounting to \$1254 for one quarter ?

POST OFFICE DEPARTMENT,

To *The Montreal and Champlain R. R. Co.*

Dr.

For Mail service for quarter ending 30th September, 1862, as follows :

For transport of American mails to and from Rouse's Point, from 1st July to date, 6 trips each way per week, 158 trips at \$3.50.	553.00
Transport of Township mails to and from St. Johns for same period, 158 trips at \$1.00	158.00
Transport of way mails and extensions from St. Johns to Rouse's Point, one quarter at \$500 per annum	125.00
Transport of Laprairie Mails from 1st July to date, 158 trips at \$1.00 per trip	158.00
Transport of English mails, out, per regular trains, July 14 and 28, August 11 and 25, Sept. 9 and 23 ; 6 trips at \$20 per trip	120.00
Transport of English mails, in, per regular trains, July 3, 17 and 29, Aug. 13 and 28, Sept. 12 and 24 ; 7 trips at \$20 per trip	140.00
	<hr/>
	\$1254.00

Distance 44 miles, per mile \$114

Montreal 30th Sept., 1862.

✍ No distributing car run, but mail bags without conductor carried in ordinary baggage cars twice each way daily.

I have no doubt that is a correct copy of the account.

587. At the rate shown in that account, it will give \$114 per mile of railway per annum, on the line between Montreal and Rouse's Point, for carrying the mails in the ordinary baggage car and generally without a Post Office attendant.—Is not that the case ?

The prices were not calculated upon a mileage rate, and I do not know what it may amount to. The account is an aggregate of charges for services undertaken independently and at different times, and included a considerable allowance to the Railway Company for the risk and trouble attendant on the care and distribution of the mails, which was undertaken by the Company, relieving the Post Office from the expense of employing agents.

588. Without entering into the question on what principle the payments were made to the railway, will you kindly say what the aggregate amount of the payments made in the year, for carrying the mails, yields per mile of railway ?

The account will speak for itself ; the accounts vary from quarter to quarter, not being, as I said before, calculated upon any mileage rate.

589. The answer to the last question but one is in entire opposition to the theory and practice of the English Post Office, that mail bags carried in ordinary trains, in charge of the railway's servants, should be charged for at very much lower rates than when the mails are carried in sorting cars, in charge of Post Office clerks.—Is it not ?

No, I do not think it is. It must be remembered moreover that this is a special agreement made when there was but this one short railway in the country, and cannot be taken as any evidence of the views of the Department generally, as regards Railway Postal compensation.

590. The Post Office has been quite satisfied with the rates of payment made to that line, and has, in fact, paid them regularly, I believe ?

The amount involved was so small that the Department thought it better to continue to pay under the somewhat antiquated agreement referred to, rather than disturb a usage, in so comparatively trifling a matter, which has so long existed. Moreover the Montreal and Champlain road was not under the operation of the general Railway Act.

591. The Post Office Department have not felt themselves bound to carry out arrangements in other cases, although nearly as old as this one?

I am not aware that the Post Office has ever shrunk from carrying out any recognized obligation or arrangement.

592. The Postmaster General, Mr. Cameron, has stated on oath that he made a contract with the Grand Trunk Company, in August 1853, for \$110 per mile, which is not being carried out now, is it?

The Grand Trunk Company did not allege that any contract had been entered into, but claimed that it had notified the Postmaster General that it was willing to enter into a contract at the rate of \$110 per mile. When this question came up first, Mr. Cameron would not take the responsibility of saying, as he does now, that he had entered into any such contract, and such evidence as could be had at the time went to show that no such contract had been entered into.

593. You remember question 336 which was put to Mr. Cameron, as follows: "Apart from Mr. Morris's action in the matter, did you mean yourself, as Postmaster General, to give your assent so as to bind the Government;" to which his answer was: "Certainly?"

Yes.

594. That was a statement from the responsible officer of the Government, given here under oath, that he had entered into the arrangement. Was it not?

Yes; but a statement which does not at all agree with what Mr. Cameron stated in 1855, when, as I have before said, the question first came up.

595. Was the arrangement with the Champlain Company, for the mails between Montreal and Rouse's Point, in the shape of a formal contract, or was it in the shape of letters?

I think it was not in the form of a contract. I cannot say how the arrangement was come to.

596. It was therefore not so formal an arrangement as that which the Postmaster General swore he made with the Grand Trunk Company?

It was so far more formal that there was no doubt about it.

597. Was the order in Council of September 1858 intended to apply to any particular railway or to all the railways in the Province?

It was received by the Department as an instruction to govern it in its payments to all railways that came under the operation of the general Railway Act, which left the price to be paid to such railways for Postal Service to be determined by the Governor in Council.

598. Then do you mean that the Governor in Council has no right to fix the rate of payment to the Champlain line?

I think not until very recently; inasmuch as that road was not under the operation of the general Railway Act until very recently, I think about two or three years ago.

599. I see in the statements you have handed in of mails carried on the New York Central, that the weight of the distributing mail is precisely the same every day, whilst all the other weights vary every day and by every train.—Can you explain this?

The weights are furnished by the American Post Office and were taken for their own purposes. I can understand that it would be a very troublesome

operation ; it would be better to take an average, than to weigh the mails which would vary in weight at every 5 or 6 miles.

600. I understand you to say that, whilst the average weight of mail matter sent on the New York Central by through trains is about seven tons and a half daily, the quantity sent by the distributing cars is only about a fifth of a ton. And your view is that the \$200 a mile paid to the New York Central Railway is paid mainly with reference to the weight of mail matter sent by the through trains ?

The \$200 a mile is paid for the whole service, and, as in all like questions, no doubt the larger proportion of the payment must be assignable to what is manifestly the most important part of the service, that is, the through mail service.

601. You are of course aware that the New York Central send their through trains, by which the through mail matter is carried, by the direct road from Albany to Buffalo ?

I should think so, if the Company ran trains by the direct line with sufficient frequency to suit the Post Office purposes.

602. The fact being that the through trains all go by the direct and short road, you can of course have no doubt upon the subject ?

I have no doubt that such is the case.

603. You are aware that, in addition to the direct line between Syracuse and Rochester, they have a loop line about 30 miles longer than the direct road ?

I believe so.

604. That loop line, of course, under the circumstances that have been mentioned, does not carry any of the seven tons and a half of through mail matter sent along the New York Central Railway, for which it gets \$200 a mile, but carries a local mail for the country between the two cities ?

No. But the New York Central Company states that though the through mails go by the direct road, the United States Post Office agrees that the mileage for them shall be reckoned and paid for as though they had gone over the longer road you speak of.

605. Your answer to the last question is incorrect as a matter of fact. Be good enough to look at the Report of the Postmaster General of the United States for the year 1862,—you will see there a payment of \$200 a mile for the New York Central Railway Company from Albany to Buffalo, 298 miles, and also a payment of \$150 a mile for the 104 miles of the loop line between Syracuse and Rochester, and also another payment of \$150 a mile for the 76 miles of the New York Central Railway Company between Rochester and Niagara Falls,—and say if I have not correctly described the payments made.

There may be additional services performed and paid for separately ; my enquiries and statements have all had reference to the service and payment on the main line of the New York Central Railway. I would go on further and say that when I stated that the mileage was calculated on the longest line, I presumed that the longest line was that to which you alluded, but in that I may have been mistaken.

Examination of Mr. Griffin, resumed—17th March, 1865.

BY MR. BRYDGES :—

606. You stated yesterday, I think, that the Montreal and Champlain was not in the same position as other railways, the provisions of the general Act not applying to this line, and that therefore the arrangement was a special one and not under the control of the Governor in Council ?

It was not understood to be under the control of the Governor in Council, in the exercise of any power given to the Governor in Council under the General Railway Act, which was applicable only to roads chartered after its date or legally liable to its operation.

607. The Post Office Department was therefore not aware that on the 24th of July, 1850, before the Champlain road was open from St. Lambert to Rouse's Point, in the Act authorizing the completion of that line, the usual clause giving to the Governor in Council the same power that he had with respect to other companies was inserted?

There being scarcely any railway lines in operation at the time, no particular attention was paid by the Department to railway enactments, and the Act alluded to escaped notice.

608. In point of fact, then, there never was any exceptional circumstance at all in regard to the payment for postal service on the Champlain line?

There was in the view of the Department; but it seems that the Department was mistaken.

609. With reference to the question of weight of mail matter carried on American roads, you have put in evidence a statement of the weights carried upon a number of railroad lines in the United States, and I understand your view to be that the payment for the mail service is based to a large extent upon the weight of mail matter forwarded?

As a general principle, the payment is no doubt based upon the amount of service had by the American Post Office from the railways, as made up of weight of mails carried, with speed, frequency and other incidents of the service; but there are no doubt many exceptions to the general rule.

610. Then taking your view of weight as being the main item, the rates of payment on the different lines should be in proportion to the weights shown in your table?

No,—the payment is governed by so many considerations, affecting differently the relations between the Railways and the Post Office, that I do not think such will be found to be the case. I did not put in that weight table as demonstrating any such basis of payment.

611. Then do I understand that the table of weights was put in without any reference to the question now before the Commissioners?

It was obtained at the instance of the Commissioners for their information.

612. But a great deal has been said about the weights of mail matter carried on the railways—and I want to know whether you rely on weight as an element or whether you discard it?

Like frequency of travel, or speed, the weight of the mails carried should be an important element in the service. I cannot refine so far as to define the exact proportionate value of these different elements in the service.

613. Then, with reference to your answers, and knowing the position of the Michigan Central and Michigan Southern Railways, both of which have their terminus in Chicago, and compete on about equal terms for the same class of business, you would consider the weight of mail matter as the main consideration in such a case, would you not?

I can only speak generally as to the relations between the United States Post Office and American Railways; I have expressed my views with regard to those relations already before the Commission, and have put in a certificate from the United States Post Office that those general views are strictly correct; but there are so many exceptions, as stated by the United States Post Office, to

the general rules it desires to observe, that I cannot undertake to give an opinion as to the position of matters as between any two American roads.

614. I find on reference to your table that the Michigan Southern carries nearly $4\frac{1}{2}$ tons of mail matter daily, and that the Michigan Central carries somewhat less than 2 tons daily---and that the rate of payment to both is precisely the same amount per mile of railway. Do you consider that bears out the theory you have put before the Commissioners, knowing as you do the relative position of the two roads to each other?

I have not put any particular weight theory before the Commissioners, and cannot undertake to say why the United States Post Office may have been obliged to concede the same rate of payment to the two roads you mention, if the case be so.

615. Do you know the weight of mails carried by the Grand Trunk, on the Portland line, for the United States?

No, but I should think it very small.

616. I had it weighed the other day and found it amounted to 1258 lbs., nearly two thirds of which was for the Maine Central Railway line, and therefore only travelled over the Grand Trunk 28 miles between Portland and Danville, thus leaving only about 400 lbs. weight, for the rest of the 130 miles, and for which the United States Government pay us \$110 per mile. Bearing these facts in mind, and that the Southern Michigan gets \$150 per mile for $4\frac{1}{2}$ tons, is it not a reasonable conclusion to arrive at, that the rate of payment is based upon the space appropriated to the Post Office and not upon the weight of the mails carried?

If you desire my opinion, I should say that the payment to the Grand Trunk between Portland and the Boundary line is one of the anomalous cases that the Postmaster General of the United States alludes to, as carrying an excessive rate of charge in proportion to the service rendered.

617. I can give you a great many more instances of the same kind; for instance, in your table of weights, the Boston and Lowell carries 1461 lbs. and receives \$153.84 per mile; the Boston and Providence 1844 lbs. and gets \$144 per mile; the Northern Missouri 1387 lbs. and gets \$150 per mile; the Ohio and Mississippi 2392 lbs. and gets \$225 per mile; besides a great many other similar instances taken from your own table of weights, from which I presume that the Grand Trunk cannot be considered to occupy an anomalous position?

I have no doubt you can, for the Postmaster General of the United States himself laments that there are many such discrepancies in his payments to railways, forced upon him by circumstances, and that he is doing his best to correct them and bring such payments to some common standard.

618. At present, at any rate, we can only get our experience from the facts as they exist, and not as the advocates of the different systems would like them to be?

You will no doubt find exceptional facts of all kinds in the long table of American Post Office Railway payments.

619. But does not the fact that about 400lbs. of mail matter, on the Portland line, is paid for at \$110 per mile, with many like instances, compared with the fact that the highest weight shown on your table, namely, eleven tons, is paid for at the rate of \$300 per mile, afford unmistakeable evidence that weight is a minor consideration compared with the space which the Post Office require for their daily purposes?

No, I do not think so. You cannot draw any useful comparison between any two American railways selected in that way.

620. I have taken your table of weights and applied to it the payments made as shewn by the Postmaster General's report. Have you any reason to doubt its correctness, and can you say that such a list, based as it is on your own statement, is an exceptional one of the arrangements of the Post Office Department of the United States?

STATEMENT shewing daily weight of United States mails over various railroads with annual price per mile, paid for carriage of same.

NAMES OF RAILROADS.	No. of lbs.	Annual cost per mile.
		\$ cts.
Washington Branch	22,304	300 00
New Jersey	14,704	375 00
Hudson River	11,658	225 00
Erie	11,306	200 00
Philadelphia, Wilmington and Baltimore	11,139	300 00
Southern Michigan and North Indiana	8,726	} 150 00 main line.
New Haven and New-York	7,223	
Pennsylvania Central	7,265	200 00
Northern Central.	4,483	} 200 00 150 00
Cleveland and Toledo	4,678	
Boston and Worcester	3,636	} 306 66 main line.
Michigan Central	3,684	
Chicago, Burlington and Quincy	2,656	100 00
North Western.	2,561	100 00
Ohio and Mississippi	2,392	225 00
North Western Branches.	1,315 } 775 }	} 50 00
Rock Island	1,571	
Boston and Providence.	1,844	144 00
Boston and Lowell	1,461	153 84
Eastern.	2,208	151 14
Little Miami	2,096	} 225 00 main line.
Cincinnati Air Line	1,349	
North Missouri.	1,387	150 00
Illinois Central	1,292	} 100 00 150 00
Hamilton and Dayton.	1,194	
Cleveland, Columbus and Cincinnati	1,138	210 86
Old Colony and Fall River	1,052	121 42
Fitchburg.	1,195	65 22
Baltimore and Ohio.	1,322	} 300 00 200 00
State and Buffalo.	1,986	
Terre Haute.	1,392	100 00
New-York Central (from Buffalo).	957	200 00
Grand Trunk (Portland Division)	1,258	110 00

Quebec, March 7th, 1865.

I do not doubt that you made out the statement correctly; but I have made no such comparison, and should think any such comparison useless, except to

illustrate the curious mysteries and diversities of practice that you have no doubt found prevailing.

621. You know the provisions of the law in the United States in regard to the carriage of mails by railways, do you not ?

Yes.

622. The clause in the Act states that the Postmaster General shall divide the railroad routes "into three classes according to the size of the mails, the speed with which they are conveyed and the importance of the service." What do you understand to be meant by the word *size*, in the quotation I have just read ?

I should understand the clause to be a directory one as to the points the Postmaster General should observe as far as possible in classifying the mails---and that *size* probably meant what the word generally implies, *bulk* ; that he was not to pay for a mail of one mail bag what he would pay for a mail consisting of a hundred bags.

623. But according to your own table of weights, weight is shown not to be the element of payment, and therefore we must have some other definition of what is meant in the clause by the word *size*.—Is not that so ?

No, I don't agree with that, the element of weight is not to be rejected because the figures in that return shew varying results. The Postmaster General of the United States complained that the railways in many cases use their monopoly of transport in a way that prevents him from adhering, as strictly as he desires to do, to the directions of the Statute---but I understand that he is now engaged in having weight returns, as respects all American Railways as a guide to him in enforcing, so far as he can, a closer conformity to the law.

624. Is it not reasonable to consider that the word *size* is meant to cover the space which the Post Office will occupy in the train ?

I think it is a general directory term, applying to quantity of mail matter, but without any very precise meaning.

625. In your answer to question 297 you say that the Post Office Department did not ask or require any night trains West of Toronto ?

I am not aware that the Post Office asked for any such train ; and as the Post Office did not use it, it of course did not need it.

626. In your letter to me of the 11th December 1862, you stated that the Postmaster General acquiesced in the running of day trains between Montreal and Toronto, and you added : "from Toronto to London he demands a continuous daily service, so that correspondence and other mail matter from Montreal and intermediate places be forwarded Westward forthwith on the arrival of the trains at Toronto, and that the mails from London and the Stations intervening may reach Toronto so as to connect with the morning train from that city Eastward."—Is not that a demand by the Postmaster General for a night train West of Toronto ?

That was part of a general scheme of train running which the Postmaster General of the time sought to require from you, but which you refused to comply with, and afterwards declared had not been put in such a shape as you could consider to be a practical requisition.

627. Did you not by the direction of the Postmaster General, the legal head of the Department, demand a night train West of Toronto by your letter of the 11th December, 1862 ?

The letter speaks for itself, but I consider that I have answered this question in my answer to the previous question.

628. Then am I to understand that the policy of the Post Office Department, in regard to the service they wanted from the Grand Trunk Railway, had changed between the date of your letter, 11th December 1862, and February 1863, when the night train West of Toronto was put on ?

The Postmaster General asked for that night train in December 1862, as part of a general scheme, which you refused to accede to, and so far as I am aware the matter then dropped ; and to the best of my knowledge the Department was not aware that your train arrangements in February 1863, did include this part of the general scheme it had proposed in the previous December. Under ordinary circumstances the choice of the trains running is left to the local inspectors, subject to my approval, acting for the Postmaster General.

629. Then you do not place any importance upon continuity of journey as regards mail matter ?

Of course I do, where continuity is wanted.

630. The contents of the letter of the 11th December, 1862, were communicated by you to the then Premier of the Government, Mr. Macdonald ?

Mr. Macdonald asked me about that time how we were getting on with railway questions, and I thought it my duty to express my opinion to him, as Premier, as well as regards the letter of the 11th December 1862, as regarding previous letters of the same tenor, that the Department, in addressing letters of that character to the Grand Trunk railway, was pursuing a very injudicious course and deviating altogether from the settled policy which had previously been maintained. Mr. Macdonald agreed with me in this view, and, as I have previously stated, gave me an assurance that he would discuss the matter with Mr. Foley, then Postmaster General, and influence him to abstain from making any further communications of that nature to the Grand Trunk railway.

BY MR. SWINYARD :—

631. With reference to your return of the weight of mails passing over the Canadian railways, and submitted by you yesterday, will you be good enough to inform me from and to what date was that return taken ?

About the end of last month or beginning of this.

632. That would be during the time the Passport order was in force and when the number of trains, as respects the Great Western road, was considerably reduced, was it not ?

That return as regards the Great Western was somewhat hastily compiled, and I find from more accurate returns, received last evening, that the weights of mails, as regard the Great Western Railway, were over stated, and I shall have great pleasure in correcting the return.

633. The Great Western Post Office mail is the only Western United States mail for the whole of Canada, is it not ?

Practically it is so.

634. It is the heaviest mail between Canada and the United States, is it not ? I think it is.

635. And it is the heaviest one mail in Canada, is it not ?

No, I think not. The average of mails on the Grand Trunk is heavier than on the Great Western.

636. With regard to mail bags sent over the Champlain railway in charge of the Company's conductors, and for which it seems \$114, per mile per annum, has for many years been paid, it would appear, from your evidence given yesterday, that such a service is in your opinion entitled to a higher payment than that performed in Post Office cars ;—is that so ?

I have explained that payments to the Company alluded to are not assessed upon any mileage basis, and are entirely of an exceptional character, they include for instance a certain amount of side service in carrying the mails between the Post Office and the Station, at Laprairie and St. Johns ; it may be that the rates paid to this Company under the old agreements are too high, and if so steps will of course be taken to remedy the anomaly.

637. Then you decline to give an opinion as to what you may think is the relative value of mails carried in Post Office cars, and mails carried in charge of the Company's conductors ?

The value of the service had in conveying mails in Post Office cars must depend mainly on the amount of car space occupied and speed of train, but the value of the other description of service will depend upon a variety of incidents that would scarcely permit me to make the comparison you wish.

638. Has not the mail bag service performed by the Great Western Company, which bags have been carried in charge of the Company's *employés*, been a very large and valuable one ?

Yes.

639. Larger than upon any other railway in Canada ?

Larger, certainly, as an auxiliary service, than on any other railway.

(Mr. Griffin here hands in the following documents) :

“ COPY of the September Quarter, 1864, account (the last settled) from Montreal and Champlain Railway.”

POST OFFICE DEPARTMENT.

TO THE GRAND TRUNK RAILWAY COMPANY, DR.

(Montreal and Champlain District.)

September 1864.	For mail service for quarter ending 30th September, 1864, as follows :		
	Transport of American mails to and from Rouse's Point from July 1st to date, 6 trips each way per week, 158 @ \$3.50	553	00
	Transport of Township mails to and from St. John's for same period, 158 trips @ \$1.00.	158	00
	Transport of way mails and extensions from St. John's to Rouse's Point, one quarter @ \$500 per annum	125	00
	Transport of Laprairie mails from July 1st to date, 158 trips @ \$1.00	158	00
	Transport of mails between Montreal and Province Line via Lachine and Caughnawaga, from July 1st to date, 79 days @ \$3.50 per day	276	50
	Transport of English mails, out, per regular Trains, July 5th, 12th, 19th, 26th, August 2nd, 9th, 16th, 23rd, 30th, September 6th, 13th, 20th and 27th, 13 trips @ \$20 per trip.	260	00
	Transport of English mails, in, per regular Trains, July 3rd, 8th, 14th, 22nd, 27th, August 6th, 12th, 19th, 25th, September 2nd, 7th, 17th and 22nd, 13 trips @ \$20 per trip	260	00
		\$1790	50

(Signed)

T. B. HAWSON.

Montreal, 22nd October, 1864.

Copy of Receipt.—

For Quarter ended 30th September, 1864.

No.

\$1790.50,

Cheque No. 522.

P. O. D.

1864.

RECEIVED from THE POSTMASTER GENERAL of Canada, one thousand seven hundred and ninety dollars and fifty cents, being for mail service on Montreal and Champlain section of Railway, quarter ending as above.

WITNESS :

(Signed)

C. J. BRYDGES.

Per J. TAYLOR.

NOTE—Merchant's and Tradesmen's Accounts for Articles furnished to the Department should be made out in detail, signed, and attached to the receipt.

VOUCHER C.

TARIFF under which the Champlain and St. Lawrence Railway have been paid for a long series of years.

	No. of trips per week.	Rate per annum per trip.	Miles.	
Montreal, St. Johns and Rouse's Point.....	6	\$ cts. 3 50 single trip.	50	
To and from St. Johns with township mails	do	1 00 do		
Montreal, St. Johns and Rouse's Point way mails	do	500 00 per year.		
Laprairie mails	do	1 00 single trip.		
Montreal, Province Line and Hemmingford ..	do	3 50 per day.		
British mails ; Montreal and Rouse's Point	do	{ 20 00 per trip re- 40 00 per trip spe- regular trains. cial trains.		1st July, 1857.

Mr. Brunel's examination resumed.

BY THE CHAIRMAN :—

640. Do you think that any deduction should be fairly made from the amount to be paid to the railways by the Post Office, on account of the continuity of the service?

That depends upon the principle on which the payment is calculated. If the rate is charged originally in the same way as it is charged to the general public then I think there should be a deduction, because I think it is obvious that a constant service may be performed by the railway comparatively cheaper than a casual service, and that a traffic which flows equally in either direction must have a preference over that of which perhaps 80 per cent moves Eastward and 20 per cent Westward. With constant service all the stock may be regularly employed and the number of employees as well as the stock may be duly proportioned to the work to be done. With irregular work cars are picked up at various stations, uncertainty exists as to the quantity of freight to be carried, all the expenses of a full train from end to end of the line are incurred, the staff of employees must be equal to the maximum duty that occurs at any time or place,

the proportion of dead weight to the useful load is increased, and the train will probably not carry through more than a third of the full capacity. These considerations induce me to believe that a constant load can be carried at a cheaper rate per ton than a casual load.

641. Do you think that any deduction should fairly be made on account of those charges incidental to ordinary freight, such as booking, handling, &c., from which the freight of the Post Office Department, being carried in the Post Office cars, is exempted?

With the qualification with which I commenced my last answer, I think there are charges on the Companies, with respect to the ordinary traffic, which do not apply to mail matter, such as office expenses and stationery, agents and clerks, and labour in loading and unloading freight. I have ascertained from the reports of the State Engineer of the State of New York, for 1862, that, on the New York Central Railway, these charges were, in respect of passenger traffic, 5.42 cents per train mile, and, in respect of freight traffic, they were 14.88 cents per train mile. From the same report I ascertained that on the Erie railway these charges, in respect of passenger traffic, were 8.06 cents per train mile, and, in respect of freight traffic, they were 14.51 cents per train mile.

642. Can you state at length the calculations upon which your answer to the last question is based?

In the report of the State Engineer of the State of New York on Railway statistics (Assembly Document, No. 100, 1862, p. 154) with reference to the New York Central Railway, I find the following charges on traffic :

	Passenger Traffic.	Freight Traffic.
Office expenses and stationery	\$11,538.41	8,979.74
Agents and clerks	88,737.60	154,396.55
Labour, loading and unloading freight.....	.....	242,414.36
	<u>\$100,276.01</u>	<u>405,790.65</u>

The Passenger train mileage was = 1,850,056. The

Freight train mileage was = 2,727,730. Therefore

divided by the train mileage, the above charges

amount to, per train mile.....

cts. cts.
5.42 14.88

In the returns of the New York Erie Railway contained in the same document (page 179) the corresponding items of service are represented by the following figures :

	Passenger Traffic.	Freight Traffic.
Office expenses and stationery.....	\$13,639.55	20,459.28
Agents and clerks	87,649.99	131,474.94
Labour, loading and unloading freight.....	.....	219,965.52
	<u>\$101,239.54</u>	<u>371,899.74</u>

The Passenger train mileage was = 1,255,379. The

Freight train mileage was = 2,561,796. Divided

by the train mileage the above charges amount

to, per train mile.....

cts. cts.
8.06 14.51

643. Have you estimated the amount which in your opinion should be fairly deducted from the amount to be paid to the Post Office Department, on the two grounds above referred to, namely, constancy of service and the absence of the expenses above stated as incidental to other species of freight?

I cannot say that I have made a calculation, but I have stated it empirically at 25 per cent, assuming the original charge from which the deduction is to be made to have been the same as is made to the general public.

644. That is in your opinion as small a deduction as should be made on those grounds?

Yes, with the above qualification. But I am not prepared to say whether upon my previous estimates of the amounts to be paid by the Post Office, this deduction should or should not be made.

645. Have you made any calculation as to the amount which should be paid by the Post Office Department, on the principle of affixing a toll on the train mileage sufficient to afford interest on capital?

Yes. I have made such a calculation with reference to the Grand Trunk, based on their half yearly accounts for December 1862. From which it appears that the receipts over working expenses were \$519,747. It appears from the report of the Railway Commissioners for 1861, that the amount necessary to pay one half year's interest on the capital, minus the Government aid, together with the rental of leased lines, would be \$1,310,942, shewing that the net earnings must be augmented by \$791,195. The earnings for the half year in question by passenger trains were \$737,499.50, and by freight trains \$1,393,193.50, making a total of \$2,130,693. The required augmentation would therefore be equal to 37 per cent.

By the same report the mileage of—

Passenger trains was (page 26).....	419,228
Mixed do do	339,127
Freight do do	964,252
Total mileage	1,722,607

But the earnings from the passenger traffic carried in the mixed trains are included with the passenger earnings, and before dividing the earnings over the mileage it is necessary to apportion the mixed train mileage to the Passenger and Freight train mileage in proportion to the number and weight of the cars in the mixed trains respectively used for Freight and Passenger purposes. This can only be approximated, but the division will be sufficiently precise if made in the following manner :

By the Railway Commissioners' report for 1861, the average number of cars in the mixed trains of the Grand Trunk in 1860 appears to have been 13.5. Assuming, in the absence of later data, that the same proportion still continues and that the trains are made up as follows :

1 Baggage and Post Office car, weight.....lbs.	30,248
1 Passenger car.....	27,000
Total weight of Passenger portion.....	57,248
11.5 Freight cars.....	201,250
Total weight of trains.....lbs.	258,490

The portion of the train run for passenger account is therefore =.221 of the whole train, and if we add that proportion of the mixed train mileage to the Passenger train mileage the figures will stand thus :

Passenger train mileage.....	419,228
Proportion of mixed train mileage.....	74,947

Total mileage due to Passenger service.....	504,175
Leaving as due to Freight service....	1,218,432

We have seen that the earnings by Passenger trains were \$737,599.50, and also that they must be augmented by 37 per cent to pay interest. This would bring them up to \$1,010,374.31.

The sum thus determined, being divided by the mileage, gives \$2.004 as the earnings per mile of Passenger train which are necessary to pay working expenses and interest on capital.

It has been shown that the Freight train mileage was (approximately) 1,218,432 miles, and it appears by the report that the earnings from Freight traffic were \$1,393,193.50, which sum augmented by 37 per cent becomes = \$1,908,675.

The sum thus determined, being divided by the mileage, gives \$1.568 as the earnings, per freight train mile, necessary to pay working expenses and interest on capital.

In the Railway Commissioners' Report for 1861, we find that the average number of cars in the Passenger train on the Grand Trunk in 1860 was 4.16 (*vide Table No. 15.*)

At that time however the earnings of the passenger trains were only \$1.30 per mile, while for the half year from which the present data are chiefly drawn, the earnings have been 146.4 cents.

It is fair to assume that the size of the trains has also been augmented in a similar ratio. This would give very nearly 5 cars in each train, which scarcely comes up to what my own observations would lead me to infer.

Taking the average weights of the cars from the same report (*page 130*) we may assume the trains to have been made up as follows :

1 Baggage car with Post Office compartment.....	lbs.	30,248
1 Baggage car.....		26,600
1 2nd class Passenger car.....		24,300
2 1st do do		54,000
Total weight of train.....		lbs. 135,148

From the Blue Book laid before Parliament in 1863 containing Grand Trunk papers, we learn (*page 48*) that the average weight of the Post Office compartment is 10,682 lbs. and this weight is equivalent to .0789 of the whole train.

I have no data whereon to determine the earnings of the mixed trains, and I think it is safer to assume that they approximate more nearly to those of a Freight train than to the earnings of a Passenger train.

I have already given the composition and weight of the mixed trains ; the weight of the Post Office compartment being the same as above it would be .0413 of the whole train.

Accepting these proportions we find that the sum properly chargeable on the mail service by Passenger train would be = 15.78 cents per mile, being equivalent to \$98.78 per mile per annum for a single service each way.

The sum chargeable on the mail service by mixed trains would be = 6.47 cents per train mile, which is equivalent to \$40.53, per mile per annum, for a single service each way.

The preceding calculations have proceeded on the assumption that the Post Office should be treated with on the same terms as a casual customer.

646. This estimate should be reduced by the amount stated in your answer to question 643 ?

I am inclined to think the deduction should be made from the result above arrived at, and equally so in respect of the result arrived at in my second set of calculations previously put in ; but not in respect of the first set of calculations, because they presume a large increase of train mileage, and therefore an increase of capital to provide the necessary stock with which to carry on that traffic ; and the charges in respect of services not properly chargeable in the Post-office service are not included in the estimate cost of working the train.

By MR. SWINYARD :—

647. I understood you to say that you had been a railway manager and connected with the Northern road for about three years. You have therefore had railway experience of a practical character ?

Yes, to that extent.

648. Before you were manager of the Northern railway had you been connected with any other railway, if so, in what capacity ?

I was on the Northern railway, as assistant engineer, during its construction ; previous to that I was not connected with any railway.

649. At what date did you take charge of the Northern railway ?

When it was first opened ; I cannot tell the exact date.

650. Was the line fully open then, or only partially ?

Only partially.

651. Before you retired from the Company's service, was the line open throughout ?

It was.

652. I suppose freight trains were run upon the line in your time, as well as passenger trains, and that you likewise carried cattle ?

Freight trains were run on the line, as well as passenger trains, from the first opening of the line—but I do not remember carrying cattle in cattle trains ; there may have been, and no doubt was, an occasional car load of cattle in ordinary freight trains.

653. In making arrangement for the carriage of freight I presume a classification was observed, and that the rates charged for various goods had reference to that classification ?

Yes.

654. Did your experience as a railway manager teach you that the conveyance of goods by classification was necessary ?

Yes.

655. Why ?

Because some classes of goods involved more risk in carrying, and more cost in handling.

656. Was not greater space required for some goods than for others ?

That depends upon whether the ton was estimated by measurement or settled by actual weight.

657. As a railway manager, did you ever carry by measurement on the Northern road ?

I cannot state positively from memory whether I did so or not, but I remember having considered the propriety of so doing, and of making a rule to that effect.

658. You cannot say whether you put such a system into operation. Is it not the universal practice upon railways to charge goods requiring space at a higher rate, per ton, than heavy goods?

Yes, I believe it is, and this is in effect to carry goods in some degree according to their measurement.

659. Acquainted as you have been with railway management, and being the first manager of the Northern road, may I ask whether you have ever compiled a classification for railway traffic?

When I was appointed, and before the road opened for business, I visited the head offices of the principal railways in New York and the New England States, and made myself acquainted with their classification of goods and the rates at which they carried them, and compiled a classification for the Northern road on the information thus obtained.

660. Passengers, horses, cattle and sheep are not in the classification but are treated specially, are they not?

Yes, and separately.

661. It would be impracticable to make any arrangement to charge them by weight, would it not?

I do not think it would.

662. You do not think calculations of weight in such cases are unreliable?

No, where they are correctly made.

663. Would you, as a railway manager, weigh each passenger, each horse, and each head of cattle, if you had to carry them?

There would be no alternative if as a railway manager I had burdenned myself with the trouble of conducting business on that principle.

664. Then in effect such an arrangement is impracticable?

I think that practically no railway manager would adopt that principle.

665. Her Majesty's mails, containing, as they do, letters and matter always of great importance, are considered to have a prior claim or specialty over all other traffic, have they not?

They are generally understood to be of great importance to the public, and such being the case, I understand the Post Office Department sends a special messenger in charge of them.

666. Is it not a fact that the Governor in Council has the power to require them to be carried on the railway on such terms and conditions as he may make?

I do not know that as a fact, but I have been so informed.

667. Tell me whether you, as a railway manager, would feel that you would be doing what was right or what even was bare justice to any railway company, if you rated this important mail service, performed at a large extra expense, as a common freight service; would you in fact consider the freight classification at all applicable to such a service?

I consider that mail matter if carried in charge of a mail conductor who, as I understand it, relieves the company of all responsibility as to its care, may be reasonably considered as a very low class of freight; but if it is carried by the company without the guarantee of such conductor against loss or damage, then I consider it would become of a much higher class, by reason of the additional responsibility which would be thereby thrown on the company.

668. You say you would consider mail matter a very low class of freight. Do railway companies, as a rule, carry low class freight by express passenger trains?

Some companies do.

669. As a rule?

It has been the rule in at least one instance, to the extent of continuously running several freight cars loaded with agricultural products in express trains.

670. Upon what railway was that?

Upon the Northern railway. Further than that, I have seen on other railways freight trains flagged by express trains, which is equivalent to running them at the highest speed of such trains.

671. That is not so as a matter of general practice; the cases you name are exceptional.

Yes, they are exceptional.

672. About 60 passengers can be seated in the ordinary passenger cars, can they not?

Between 50 and 60.

673. That would give about 20 passengers to a third of a car?

Yes, if it were filled.

674. Railway Companies, when they run a Post Office car, allot a space to the Post Office which would be capable of carrying about 20 passengers?

I understand that one third of a baggage car is allotted to the Post Office, and my calculations are all based on that assumption, but I do not understand nor believe that one third of a baggage car so appropriated is equivalent to one third of a passenger car with the right of the passengers riding in it to carry a considerable amount of baggage in another car.

675. Upon the Great Western Railway there are 17 cars in which a third of their space is allotted to the Postal Department; are you aware that if that Company carried no mails, and had not to provide space in the trains for the Post Office, they could dispense with ten cars?

I have not a sufficient knowledge of the Great Western Railway Company's business or of the amount of their rolling stock to be able to state positively how many cars they could dispense with under the supposition, but, as a general principle, I should say that the permanent removal of any portion of their business would enable them to reduce the amount of stock applicable to that business, or to apply it to other uses.

676. If during your management of the Northern Railway, a customer of the Company to whom you, in consideration of the character or classification of his goods, had charged seven cents, per ton per mile, saw by your published returns that your average receipts per ton per mile, was only two cents, came to you and claimed that because of that average being so, his high class goods should only be charged at the average rate of two cents, would you not have considered such a claim unreasonable?

I certainly should, and I now state that my calculations have not been based upon any such principle.

677. I notice in the evidence given by you, you say the average number of passengers over the Great Western Railway, per car, is 16.489; have you taken the Company's passenger time table, ascertained the number of trains run, of the main line and branches daily, and then divided the number of passengers carried, by the actual number of trains run?

No, I have not used the Company's time tables; my figures are taken from the Directors' report for the half year ending 31st July, 1863, in which I find the passenger mileage or the number of passengers carried one mile stated as 19,763,737, and the mileage of cars or number of cars run one mile is stated at 1,198,700 miles, the one divided by the other gives the average number of passengers carried in each car as before stated at 16.489.

678. The figures, then, you have given are based upon the number of cars moved, whether those cars were in traffic use or not, all empty cars and cars moved for repairs being included in your calculation,—is that not so?

I cannot say how that may be, it depends on the manner in which your returns of mileage have been made. So far as I have understood the principle, the mileage returns should relate to mileage run for traffic purposes, and I should think the Railway Managers generally would not run stock uselessly over the road to an extent which would affect the result in any material degree.

679. You have also estimated that the Great Western passenger trains consist on an average of seven cars in a train,—that is so, is it not?

Yes, 7.08.

680. Would it not be preposterous to run seven cars on each train with an average of only 16 passenger on each car ;—did you, as a manager, ever do it?

I never had the opportunity of managing a road with so large a traffic ; if I had, I should have endeavoured to have reduced the dead weight in proportion to the load below that above stated, whether I should have been able to do so would have depended on the constancy with which the traffic offered, but certainly all cars returned empty, and all cars hauled from one part of the road to another for repairs, must be considered as a part of the traffic expenses, and all such cars must have moved for traffic account since the repairs are due to traffic use.

681. You have applied your calculations to earnings, not to the cost, so that increasing the mileage you have decreased the average mileage earnings ?

I have based the earnings of trains, per mile, on the report above quoted, which gives the passenger train mileage at 272,070 miles, and the earnings from passenger trains, exclusive of local mails, at 534,400 dollars, this makes the earnings, per train mile, from passengers \$1.9642. In my calculations I have proceeded on the theory that the Company found its account in running an average weight of cars, for the use of the general public, to which there has been added another weight of car space, used for the postal service, and that the public have paid for the weight of car space an amount ascertained from the Company's reports ; I have valued the weight run for the Postal Service at the same rate per pound, as the general public has been found to pay for the weight run for its service.

682. According to your calculations there would be room provided for at least 250 or 300 passengers on each train, while only space for 86 people would be required according to the number actually travelling ?

No such inference can be drawn from my figures. I have stated the number of first class passenger cars as 3.288 in each train, and the number of second class cars as 1.117, reckoning 55 passengers to each car, this would give space for 242 passengers. It appears that the average number actually carried is 72.63 as taken from the report previously quoted.

683. But you just now stated that the average number of passengers in one car was 16.489, and according to the figures given in your answer you shew that at least 4.405 passenger cars, first and second class, are run in a train. As such cars carry about 60 passengers upon the Great Western, that would bring the average to about what I have stated, would it not ?

At sixty passengers to each car it would bring it to 264.3 passengers.

684. Would you as a Railway manager be likely continuously to provide such a waste of space, in each train, as such averages show. Do you not see the fallacious conclusions calculations of this kind, if relied upon, would lead to ?

If the figures published by the Railway Company in their reports are fallacious, then inferences drawn from them must be so too. My reply to the first part of the question will be the same as my reply to question 680.

Mr. Shanly's examination, resumed—18th March, 1865.

BY MR. BRYDGES :—

685. You know the Victoria Bridge and its cost ?

Yes, it cost about \$7,000,000.

686. It is of great importance, in regard to communication between the two sides of the St. Lawrence ?

It is of very great importance.

687. And, I suppose, also, of great importance to the Post Office in reference to the carriage of mails ?

Yes, of great importance in ensuring regularity. The crossing of the St. Lawrence at Montreal was formerly very difficult at two periods of the year ; that is, at the commencement of the winter, and at the end of the winter.

688. Is it not a fact that, during the periods of the year you speak of, communication between Montreal and the south shore of the river was suspended sometimes for several days together ?

Yes, it was suspended every year for some days.

689. You are aware, I believe, that there is a bridge in England called the Menai Bridge, on the Chester and Holyhead Railway ?

Yes.

690. And also that the English Government pay a special sum, in addition to the ordinary postal payment, for the facilities of transit afforded by that bridge ?

I know there is or was a special mail subsidy for the bridge ; what the amount of that subsidy is I cannot recall.

691. Do you consider that the Victoria Bridge which cost double the amount of the Menai Bridge should be treated in a similar manner for postal purposes as the Menai Bridge ?

I think it might fairly be dealt with on the same principle.

692. You know the railway system of the United States generally I presume ?

Yes, I do.

693. What is your opinion in regard to the effects of climate upon the Grand Trunk Railway, especially East of Kingston, as compared with any railways that you know in the United States ; I mean, as regards cost of working ?

I do not know of any railway so adversely affected by climate as the Grand Trunk Railway is, from Kingston Eastward. There is no road I know of I would compare with it in that respect.

694. The effect of that is, of course, greatly to increase the cost of working ?

Of course ; it is, for that particular reason, the most expensive road in America to work.

695. Are you aware that at one time the cost of working the Grand Trunk Railway reached its full receipts, or very nearly so ?

Yes ; I do not know that the actual working ever reached the full receipts, though they came very near doing so.

696. Then if there was no net profit from the working of the railway, a calculation that the Post Office Department should pay for the space in the train it occupied, the proportion due to that space of the net earnings of the train, would result in carrying the mails for nothing ?

Yes, certainly.

697. Or, if the gross earnings of the train leave no profit, then the Post Office, paying its proportion of those gross earnings, according to the space it occupies,

would result in the railway carrying the postal matter without any profit at all, or simply at the bare cost?

Yes, I think that would be so.

698. Do you consider, then, that such a mode of calculation would be a fair way of arriving at what the Post Office should pay for carrying the mails?

No, certainly not; no railway company could long exist without having a fair profit on their working.

699. And if in addition to what has already been said a deduction were to be made in favor of the Post Office, on account of the constancy of service, it would make the matter worse?

Yes, they would then be actually carrying at a loss.

700. What principle would you adopt then to arrive at a fair rate of payment for postal service?

I consider it entirely a question of the space occupied in the train by the Post Office Department.

701. Without reference to weight?

Yes, undoubtedly. It makes very little difference to the carriers whether the space be fully occupied or only partially so.

702. Would you, as a railway manager, make any reduction from your tariff rates to a customer who offered to give you one third of a car of freight daily each way, over the whole length of the road?

No, I would make no reduction whatsoever under such circumstances.

703. I think you stated that two and a half cents a mile would be an average paying rate for rolling freight, carried in large quantities over long distances?

Yes, on the Grand Trunk Railway.

704. That, of course, is carried at a low rate of speed?

Yes, at freight train speed.

705. What, in your opinion, ought to be added to those rates, if carried at passenger train speed?

Well, I do not think that the ordinary freight trains of the road could be run at passenger train speed. But the difference in cost of working I consider, between a freight train moving 15 miles and one running 25 miles per hour, would be about double.

706. If you were to apply the freight tariff at all to the carriage of mail matter, what class of freight should you consider it?

I would not consider it any lower than first class freight on measurement goods.

707. And therefore, in accordance with your previous answer, you would consider it ought to be charged at double first class rates?

The mail matter, I do not think should be charged at that rate, because it is not saddled with the responsibility which attends ordinary merchandise traffic.

708. You mean of course, I suppose, that the price would apply according to the space occupied and not according to the weight carried.

Yes.

709. What do you consider the difference between Post Office and Express business?

There is a very great difference in the character of the two kinds of business; the Express Companies are gradually making a business, of the increase of which the Railway Company gets the benefit. I consider the Express Companies, as it were, very useful, though unpaid, agents of the Company. The Express Companies bring the railway a very valuable business connection, and they accept also just such train service as the railway Companies can give them. The Post Office, I

have found rather to be in the position of exacting task-masters than otherwise, and the trains on the railway, on the Grand Trunk I mean, have in a great measure to be arranged with a view to postal accommodation, and without regard to the convenience of the Company.

710. Has not the passenger train service on the Grand Trunk railway been in excess of the requirements of the traffic, owing to the constant pressure of the Post Office?

It always was so in my time on the Grand Trunk; I do not know how it is now.

711. With what roads in the United States, would you compare the Grand Trunk in regard to Postal service?

As regards extent of service rendered, most of the thoroughfare railways give more mail service than the Grand Trunk, and the subsidy per mile on these roads will generally run from 10 cts. to 18 cts., per train mile run. My own idea with regard to the value, per train mile, is that the last contract I made with the United States Government for the Portland part of the line would fairly apply to the Grand Trunk generally. That rate was a little over 13 cents per mile run. It was a fraction over the 13 cents per mile run, but I considered the fraction or the difference over 13 cents about covered a small amount of side service that we performed. This side service was a side service at a few of the stations, and I think the distance for carrying the mails between the station and Post Office was limited to a quarter of a mile.

712. According to the calculations you have made, that gives 16 cents a mile, on the portion of the road where there was one service daily?

Yes, 16 cents a mile.

713. Of course the Victoria Bridge is not between Portland and the Boundary line.

It is not.

714. The United States Post Office used the only passenger train you ran to the boundary line, and never interfered in any way with the time or running of the train?

No, I never remember the Post Office to have interfered in any way in the train arrangements. They accepted the service such as we ran it for ourselves.

BY THE CHAIRMAN :—

715. You say that it would be practically impossible to run freight trains at passenger speed. To what do you attribute that impossibility?

I attribute it to the character of the road in point of gradients and curves, and the severity of the climate. Both causes render the liability to accident so great at high rates of speed as to render it unsafe to attempt to run freight trains at passenger train speed.

716. Have you a recollection of what the average weight of your freight trains was during your management?

I suppose the gross weight would probably reach about 300 tons.

717. I find that on the London and North Western road in England, the average weight of the coal trains is 445 tons, and those trains are hauled at an average speed of 18 miles an hour, including stoppages. I suppose I may assume therefore that, except for the special causes you have stated, there would be no difficulty in running trains of the weight you have mentioned at passenger train speed on the Grand Trunk Railway?

Yes, I think there would be; for all our roads are inferior, in point of being substantially built, to the character of the English roads. But taking into account the curves and gradients, I think it almost an impossibility.

718. Where passenger trains and freight trains are run at the same speed, is not the operating cost of the one train to the operating cost of the other train as their respective weights?

Yes, I think it may so be assumed.

719. If in that case, then, you doubled the speed of the passenger train, that is, if both trains had been running at the rate of 10 miles an hour, then if you run the passenger train at 20 miles, and the freight train still at ten, what will that add, in your opinion, to the operating expenses of the passenger train?

Well, I think, probably 50 per cent on those figures.

720. You have stated that the price paid by the United States Government to the Grand Trunk Company, between the Boundary line and Portland, varies. On that portion between the Boundary line and South Paris, the payment for a single service being at the rate of 16 cents per mile, and the payment on that part between South Paris and Portland, for a double service, being at 10 cents per mile. Is not the portion between South Paris and Portland the more important for postal purposes?

No, I don't think there is any more mail matter carried, or if there is any difference it is but trifling, except as far as Danville Junction, 27 miles from Portland, where we carried a considerable branch mail for the Kennebec and Androscoggan railway. The postal service therefore is of more importance to the United States between Portland and Danville Junction.

721. Is then the reduction from 16 cents per mile run, paid for the single service, to 10 cents per mile run, for the double service, in your opinion, a reasonable reduction?

No, it is not, if the whole mileage we ran had not given us a fair average I would not have agreed to that reduction.

722. What in your judgment would be a fair reduction where the Post Office, instead of a single service, requires a double one?

If the Post Office actually required a double service I would not make any reduction. But where we can give a second service to the Post Office, I would ask about one third less, for a second service, than I would expect to get if the whole work had to be done by a single service.

BY MR. WICKSTEED:—

723. If the second service was a night service would you make the same reduction still?

In order to give the proper postal accommodation, large portions of the Grand Trunk must be run at night, where the passenger traffic which they have would scarcely warrant running night trains. I think that in arranging the subsidy, the fact that the night service is to a certain extent forced on them by the necessities of the postal service, should be considered. There are parts of the road where the passenger traffic only would not warrant the running of night trains, I would not therefore make any reduction. I think the service must inevitably be done by two trains each way.

724. You speak of a contract with the United States; had you a written contract?

I think it was the usual United States printed form of contract, filled up to meet the rates fixed upon.

725. Is the paper now produced by Mr. Brydges a copy of that contract?

Being only a copy I cannot positively say; but I have no doubt it is a correct copy of the original.

726. Were the terms of the contract fixed after calculation on your part and correspondence with the United States Post Office Department, and did they give you what you asked in the first instance?

The rates mentioned in the contract were accepted by the Company after correspondence with the authorities at Washington. They are less than the rates asked by the company.

727. Do you believe that the United States Post Office authorities thought that the rates finally agreed upon were fair and reasonable, or was any favour shown to you in fixing them?

There was no favour whatever shown. They offered these rates and we were in a measure compelled to accept them.

728. Is the mail service on the Grand Trunk heavier or lighter, on an average, than on that part of the line between the Province Boundary Line and Portland?

The average on the Grand Trunk throughout Canada would be considerably heavier.

729. Are the parts of the line on which you say a night train could scarcely be run with advantage to the Company, apart from the Postal service, between Quebec and Stratford. Please to name those points?

When I was working the Grand Trunk, between Quebec and Montreal and between Toronto and Sarnia were the parts of the road where I considered the passenger business paid least, and where we had to run, part of the year at least, night trains. I would say that, if it were not for the postal service, the Company ought not, upon any part of the road, to run two trains each way per day, except during part of the summer. I except from that, that part of the road west of Toronto, between Toronto and Guelph and Berlin, where two day trains per day are required.

BY THE CHAIRMAN :—

730. You say that you would not make the reduction mentioned, of one third, when the Grand Trunk is obliged to run trains by night for the accommodation of the Post Office. Supposing those night trains to be run, not for the accommodation of the Post Office, but in the interests of the Company itself, you would, I presume, make the reduction you have spoken of?

I would make the reduction, provided the average rate was a fair compensation for carrying the mails.

731. Where trains are run by night, either freight or passenger, for the benefit of the Company itself, no higher charges can properly be made for freight or passengers carried by those trains than for freight or passengers carried by day trains?

None whatever.

732. Had the Grand Trunk Company any tariff for special trains during your management?

We had no regular published tariff, but the charge I made for a special passenger train was \$2 per mile run, or else a guaranteed number of passengers at ordinary rates.

BY MR. BRYDGES :—

733. If a night train were wanted by the Post Office from Toronto to Stratford, you would necessarily make it a train to Sarnia?

Yes, Sarnia or London, we must take it to a terminal station.

BY MR. CUMBERLAND :—

734. As a general rule, on the Canadian railways, are the earnings of passenger trains less than those of freight trains ?

As a general rule, yes.

735. And is the cost of working them, as in relation to weight and earnings, higher than on freight trains.

Yes, considerably higher.

736. Then passenger traffic in Canada is less profitable than freight ?

Yes, but I except the Great Western railway, I don't think the same state of things exists there.

W. SHANLY.

Examination of Mr. Brunel, resumed.

BY MR. BRYDGES :—

737. I understood you to say that the calculations you put in were made some time ago, before this Commission was appointed ?

Yes.

738. Were they the calculations you made for Mr. Mowat, and on which he based the figures in his report ?

Mr. Mowat saw them, but I cannot say that he based any part of his report upon them. They were not made specially for him.

739. But he had them when he made his report ?

He saw them.

739. I understand you to give three modes of calculating the rate of payment as regards the Grand Trunk ?

Yes.

740. In your first calculation you assume the interest on the cost of the line, including the amount paid for leased lines, but excluding the Government loan, at \$2,621,894 per annum ;—are you aware that is considerably below the amount of interest actually required ?

I am not aware that that is the case, if I had known it to be an erroneous figure I would not have used it. It was arrived at from the best data within my reach at the time.

741. If you will look at the account of the Company, at the 31st December, 1863, you will find that the total capital of the Company, less the Government loan, is upwards of £13,500,000 stg., which at 6 per cent requires \$3,936,600 per annum, apart from the leased lines. That of course will make a material difference in your calculations, will it not ?

That appears to be the case from the report now placed in my hands, but I understand this amount to include arrears of interest and other sums added to what may be properly considered the cost of construction. My figures were taken from the railway commissioner's report of 1861, which professes to give the cost of construction apart from such additions.

742. The report of the railway commissioners was not correct as a matter of fact, but in order to exclude the items you speak of, the interest upon the cost of the Grand Trunk Railway in Canada, at £10,000 a mile, would be, at 6 per cent interest, \$2,770,200, to which has to be added the annual cost of the leased lines which at their present reduced rate is \$417,966, making a total of \$3,188,160, per annum, to pay interest upon the cost of constructing the line. That sum being larger than the figures you have dealt with, will, to the extent of the difference, affect the result of your calculations ?

If the amount of interest stated in my calculations is erroneous it should be rectified, which can easily be done. I am not prepared to admit that upon such rectification the difference would be so great as is indicated by the sums you have named.

743. Then you have taken apparently an imaginary and not an actual train mileage on the Grand Trunk Railway to produce your first result ?

I have taken a train mileage representing a traffic of similar activity to that which was transacted on the New York Central in 1861.

744. And that mileage on the New York Central applied to the actual miles of railway on the Grand Trunk would require the Company to run trains aggregating 8,775,411.—Is that the case ?

Yes.

745. Do you know what the actual train mileage on the Grand Trunk was for the year ending the 31st December 1863 ?

I do not know the mileage for 1863.

746. I find on referring to the Company's statements, that the actual train mileage for the year 1863, is 3,672,951.

I have no doubt that is correct.

744. Of course a profit of 29.6 cents, as allowed by you, and applied to the mileage I have just stated, would not give the result to the Company necessary to pay interest on the road according to your memorandum ?

Certainly not, and the calculations I made yesterday are based on an augmentation of gross earnings sufficient to pay interest on the actual mileage then referred to.

748. Then until the mileage of trains and the consequent traffic had increased nearly 3 times beyond its present figures, your calculation of 29.6, per mile run, would not be sufficient, in order to produce the necessary profit ?

Certainly not sufficient to pay 6 per cent on the investment.

749. Then upon the principle that the Post Office ought to pay for the service it receives an interest upon outlay, your calculation is, as far as the present is concerned, not much more than a third of what it ought to be as regards the tolls ?

I cannot say that it is less than a third of what it ought to be, because referring to the average earnings of trains on other railways, I find that increased earnings commonly depend on increased number of trains more than on the increased earning on each train.

750. Your calculation gives a fixed sum for interest, and dividing it by your imaginary mileage, produces your figure of 29.6 cents ; of course if the actual mileage, which is little more than a third of your imaginary figures, is made the divisor of the same amount of interest, it must make your assumed rate of toll of 29.6 nearly three times larger ?

If the principle of making the present amount of traffic pay interest on the capital is conceded, such an increased rate of toll as you have mentioned would unquestionably result.

751. If the tariff to the public were based on the same principle of what the road could do or ought to do, would it not so reduce the charges on the amount of limited traffic which exists in Canada, as to render the earnings insufficient to pay the cost of working ?

No, on the contrary, so far as I can ascertain from the published mileage and earnings per train mile, a tariff so determined would produce an average result almost identical with your present charges to the public, perhaps a little lower.

752. Which do you consider as the most costly to work in this country, in relation to its earnings, a passenger or a freight train ?

That depends on so many circumstances, special to each railway, that I cannot give a reply in general terms.

753. Do you agree in the view which Mr. Shanly expressed to-day on that subject ?

I do not remember the part of Mr. Shanly's evidence referred to. With reference to the traffic of the Northern railway, I am of opinion that the freight traffic is more profitable to the Company than the passenger traffic.

754. The local freight business on the Grand Trunk is similar in its general features to that on the Northern, is it not ?

I believe it is, except that it is more interfered with by competing routes on parallel railways and by water.

755. The cost of working trains on the Grand Trunk railway is 86 cents per mile, that would be, I presume, under the circumstances of Canadian traffic below the cost of working the high speed passenger trains ?

I cannot say that that would be the case ; from the figures I have examined, passenger trains should be worked at less than 70 cents per train mile, including a fair proportion of station expenses, clerks, agents and other services.

756. Your figures are taken from the State of New York several years ago and not from actual facts, on the Grand Trunk Railway for instance, are they not ?

No, the following items are taken from Grand Trunk returns for 1860 :—

	Cents.
Fuel, per mile run by engines.....	8.41
Engine repairs do	8.06
Car repairs do	0.99
Repairs of permanent way and track....	24.72
	<hr/>
	42.18

These were all the items I could find detailed in the return quoted from. I supplemented them by the items taken from the report of the Erie road 1861, which may be found in my first set of calculations respecting the Grand Trunk. They amount to 22.46 cents, making together 64.64 cents, but to this must be added the charges for stationery, agents and clerks, between 5 and 6 cents, bringing the amount up to about 70 cents.

757. You, of course, are aware of the difference in the figures which you have quoted as taken from Grand Trunk returns, between engine mileage and train mileage, which will of course increase your figure of 42.18 ?

No, my recollection is that in taking these items from the report, I corrected them for the train mileage, so far as I could.

758. In your second set of calculations you appear to have taken the actual earnings of the passenger trains, and allowed the Company, for the Post Office proportion of the weight of the train, their proportion of the gross earnings ?

Yes. It will save time if in reply to this I refer to my second set of calculations in respect of the Grand Trunk. The theory of this set of calculations rests on the following postulates : 1. That the tariff of the railway companies has been framed on the practical foreknowledge of the extent to which their stock will be occupied by paying loads, and that therefore the paying load in effect pays for the empty space moved. 2. That the cost of running trains, all other things being equal, is as the weight moved. 3. That each pound of the dead weight

moved shall pay *pro rata*, whether it be moved for the service of the Post Office or for the service of the general public.

759. Would it not be fairer having a given weight or space occupied by the Post Office, to charge them the proportion of what the earnings of the train would be if all the space was occupied, in the way they occupy their portion, that is, fully, or in other words, taking the size of the train as you give it, ascertain the earning of the train according to the tariff if it were filled, and then charge the Post Office their proportion of such earnings for the space which they fill or occupy?

Certainly not, because the tariff is based upon a knowledge that a large amount of carrying capacity must in the nature of things be moved to accommodate the traffic which offers, and this is practically the case on all Railways.

760. Then should not the Post Office, instead of paying only for the space or weight they occupy, pay their proportion, the same as the public, of the unoccupied space in the train besides what they actually fill?

That is in effect the result of these calculations.

761. In your calculation submitted yesterday, you assumed an earning of the train which should pay interest on the cost, based upon the present traffic mileage, and then charged the Post Office its proportion of those gross earnings for the space or weight it occupied in the train.—Is not that so?

Yes.

762. But then you added that 25 per cent should be taken off that charge against the Post Office for constancy of service and other considerations?

I stated that as an opinion.

763. That of course would leave the charge to the Post Office insufficient to make the gross earnings of the train up to enough to pay interest on outlay?

No, it would not have that effect, because the reduction would only be made on the charge against the Post Office, and that was considered in making up the gross earnings necessary.

764. If you were managing any Railway would you make any reduction of your ordinary rates to any customer who said he would send one third of a car load every day by freight trains?

Not if it involved running a whole car or an additional car to what my other traffic required.

Mr. Brunel's examination, resumed—20th March, 1865.

BY THE CHAIRMAN :—

765. Can you now produce the calculations as to the amount which should be paid to the Northern road?

Yes, I now produce them.

By the Report of the Northern Railway Company, for 1861, the passenger mileage, <i>i. e.</i> , the miles travelled by one passenger, appears to have been.....	3,673,934
The Passenger <i>Car</i> mileage.....	240,772
The Passenger <i>Train</i> mileage.....	126,110
The Baggage <i>Car</i> mileage.....	121,985
Therefore, the average No. of Passengers travelling in each <i>Car</i> was.....	15.25
The average No. of Passengers travelling in each <i>Train</i> was.....	29.13
The average No. of Passenger <i>Cars</i> in each train, was.....	1.909

The average No. of Baggage *Cars* in each train by the above figures would be .967, but there could not be less than one and the discrepancy is probably due to some small error in the Company's returns of mileage.....

1

The earnings from passengers are stated to have been.....

\$94,072.96

The earnings per passengers train mile were therefore 74.59 cents, exclusive of earnings from mails.

I have no return showing the actual weight of the rolling stock of this Railway, I therefore state it empirically:—

Passenger car..... 30,000 lbs. each.

Baggage or P. O. car..... 24,000 do.

The dead weight of the trains exclusive of engine and tender, will therefore be:—

1.909 Passenger cars, @ 30,000 lb..... 57,270

1 Baggage car, 24,000 24,000

Total dead weight..... 81,270

Deduct the weight of one-third of the P. O. car..... 8,000

And the weight of the remainder of the train will be. 73,270

lb. cts. lb. cts.

Then as 73,270 : 74.59 :: 8000 :: 8.103.

The value of the postal compartment in proportion to the earnings of the remaining part of the train is on this basis equal to \$50.72 per mile per annum, for a single service each way.

By MR. CUMBERLAND:—

766. Referring to the answer of the Honorable Malcolm Cameron to question 323, wherein he states that he took office as Postmaster General on the 17th August 1853, do you remember that the first 42 miles of the Northern Railway were opened for traffic on the 13th June 1853 and 63 miles to Barry on the 11th October 1853?

I have no doubt that the dates stated are correct, but I speak entirely from memory.

766. Were mails carried on those portions of the road respectively on their opening?

Yes, so far as I can remember.

767. Were you superintendent at that time and in that capacity did you control the traffic, the tariffs and revenue accounts?

Yes, subject to the board of Directors.

768. Did you by correspondence or personal negotiation come to an understanding as to the rate to be charged against the Government for mail service?

I cannot remember precisely, but I think there was some correspondence, and that the then President of the Company said we would be paid at the same rate as the Grand Trunk, and I think the Honorable M. Cameron, in conversation, gave me to understand that that would be the case, and I believe it was this information which induced me to tell the book-keeper to charge the Post Office Department at that rate.

869. Did you return the earnings of the road as including mail earnings at the rate of \$110 per mile?

Yes, from the date of the road being opened through to Collingwood, on the 1st of January 1855.

770. As superintendent did you then regard that rate as equitable?

I cannot say that I made any calculations as to whether it was equitable or not, but in the interest of the Company I considered that we should be paid at as high a rate as was attainable.

771. As a matter of fact, and apart from the causes affecting it during your period of office, did the Northern Railway ever pay its working expenses?

My reports published annually explain what my opinion was at the time, and I think they always showed a profit.

772. As a matter of fact, were any interest payments made during that period?

No, I believe not from earnings, because the net earnings were expended for contruction purposes.

773. I understand the principle of your computations for mail rates as respects the Northern road to be this: you estimate the dead weight of passenger trains and those only, exclusive of the mails and mail compartment, and having ascertained the actual earnings, per ton, per passenger train mile, you apportion that average to the dead weight of the mail compartment, and thus obtain a mail rate of \$50.72 per mile per annum.—Is that so?

Yes, thus making the dead weight moved for Post Office account yield the same revenue as a similar weight moved for account of the general traffic.

774. But if the earnings of the passenger trains on the Northern road were in fact at any time insufficient to pay their working expenses, would not your system, based as it is on average earnings, imply that the mails on a rate thus struck would be carried at a loss?

Yes, and to meet that difficulty I have avoided basing my calculations upon any train earnings that are supposed to have been inadequate to meet the working expenses of those trains.

775. Without reference to any rate to be paid for them, would you as a railway man regard mails *per se* as freight?

I do not see how I could regard them as any thing else, they are not passengers.

776. As a general rule on Canadian railways, doing a local traffic, are not the earnings of freight trains higher, and the relative cost of working them lower on a mileage average, than of passenger trains?

The cost of working a fast passenger train may be greater, per train mile, than the cost of working a much heavier freight train at a low speed, and I believe this is in fact the case.

777. From your knowledge of the Northern railway, are you not aware that its freight is more profitable than its passenger business?

I have no doubt that it is, and have already expressed my opinion to that effect.

778. If then you regard mails as freight, why do you reject the higher freight averages, and adopt the lower and less profitable passenger standard in attaining the mail rate?

Because the mails are carried by passenger trains, but more because the mileage of freight is not given in the Company's reports.

779. Do you submit your formula, based as it is on average earnings, as applicable to all the railways?

I submit them as applicable to work done by trains whose earnings yield a profit over working expenses.

780. Then you have to prove the profit before your formula becomes applicable, and the rates resulting would of course be in the ratio of the profit?

Yes, and I have taken this course in my first calculations respecting the Grand Trunk.

781. But as high average earnings will thus necessarily yield high rates and low earnings low rates, would a common application of your system be equitable where the service rendered is identical?

It does not follow, that high train earnings will always yield high rates, or that low train earnings will always yield low rates, because the weight of trains is commonly proportioned to their earnings, as is shown by the calculations in respect of the Northern road where the train earnings were only 74.59 cents, giving nearly as high a rate as the greater train earnings of the Grand Trunk and Great Western.

782. But if your system be carried to the absurd finality, of which in my humble opinion it seems capable, if the earnings of a passenger train exclusive of the mails were at zero, the mails would be carried for nothing, would not that be the result?

I have already said, in reply to a previous question, that the system of calculation which I have used should be confined to trains paying a profit over working expenses, and I therefore stopped short of a finality which in my humble opinion would not be so absurd as the hypothesis of a Company running trains where there was no traffic.

783. But an appointed mail train must be run to time, passengers or no passengers?

If the Government requires trains to be run on any stated time, without respect to the Company's business, the whole calculations that I have put in would be inapplicable.

784. Then you admit your system to be based upon a hypothetical and fluctuating profit?

No, I am not aware that such is the fact, I have repeatedly stated that I only apply it to train earnings giving net profits over working expenses.

785. Applied to railway traffic generally, does not your system, based on actual averages of tonnage and earnings, contemplate an abandonment of all classification?

No, on the contrary, I take as the basis of my estimate the very highest class of traffic carried, namely, passengers and their baggage.

786. Is it not the theory of classified tariffs that each customer shall pay for the cost of the service rendered to him and such a profit thereon as is reasonably due for the performance of that service, apart altogether from averages or the profitableness of the Railway as a whole?

No, I think not. On the contrary, I believe tariffs are so far as possible based on the average amount of traffic offered on any particular line and the average amount of rolling stock which experience shows to be necessary for accommodating it.

787. Would you then, as a Railway man, average the charges upon the traffic and venture to abandon special classifications?

Certainly not.

788. Regarding mails as freight, their bulk as the space occupied, and the speed at which they are conveyed, can you suggest any reason why the tariffs

should not be applied to the service done for the Government, as they would be with any other customer?

So far from offering any such suggestion, all my figures give the same rate for the mails as is paid by passengers and baggage, having reference to the amount of carrying space moved for each.

789. But you have said that you regard mails as freight. Do you admit that measurement is an element in the classification and consequent charges for freight?

Assuming the weight of rolling stock moved to be in proportion to its capacity, that is precisely the basis I have adopted.

790. But again, regarding mails as freight, and referring to the space, one third of a car, appropriated to them, and to the double speed at which they are conveyed, would it not be in accordance with practice of charges by tariff, to add to the tariff rates such amount as would be reasonably due to freight occupying the space and conveyed at the speed of the mails?

Certainly not, if you mean by the terms of your question to assume that the one third of a car is filled with one third of a full car load of freight, say, $3\frac{1}{3}$ tons, because practically the tariff is based on the knowledge that freight stock, as well as passenger stock, is never fully occupied in both directions of the traffic. In the case of the Northern, the freight cars were loaded on an average to less than half their capacity in 1861, and the passenger cars were only filled to about one third their capacity.

791. But an ordinary customer, either for himself as a passenger, or for his goods as freight, has no exclusive right to any space other than that he or his goods occupy?

Certainly not.

792. Does not the Post Office Department actually occupy the space available for $3\frac{1}{3}$ tons or 15 passengers?

Yes, just as the general public occupy the remainder of the car.

793. Did your railway practice induce you to regard departures from tariffs by preferential rates as illegal?

I did not regard them as illegal, and sometimes gave advantages in respect of rates to parties offering large quantities of freight, or to create business where it did not previously exist.

794. I believe as superintendent of the Northern Railway you once entered into a discriminating contract with Sage and Grant, of Bell-Ewart, giving them a preferential rate for a term of years; did you not?

Yes, for the purpose of inducing them to erect extensive saw-mills at that point, and thereby opening a large trade in lumber brought from Lake Simcoe.

795. Was that preferential contract or rate contested in Chancery?—and, as a matter of fact, did not the judgment of the Court annul that contract?

I have been so informed, but it did not happen while I was superintendent.

796. Would not your system based on average tonnage and earnings, if applied to mails, practically result, as in relation to established tariffs, in a preferential rate to the Government?

No, it results in charging the same rate for one part of the train as you charge for any other part of the same capacity.

797. Can you suggest any reason why the Northern Railway should receive any less than the Grand Trunk per mile for a daily mail service?

If the Northern railway moves the same weight of carrying space as the Grand Trunk moves in the service of the Post Office, and at the same speed, the rate should be the same since it costs the Company as much, weight for weight, in the one case as in the other.

BY MR. WICKSTEED :—

798. You say you only apply your mode of calculating what the Post Office should pay by the average earnings of a train to cases where the trains pay a profit. What profit do you think sufficient to justify the application of this formula ?

I can only answer this question empirically and I suppose the train profits on paying roads should be taken as a standard. I have heretofore suggested the New York Central which is understood to be a paying road. The rates earned on the Great Western, it is supposed, would be profitable if it were not for the loss on United States currency.

799. Do you know the proportion of gross receipts to expenses on the New York Central ?

No, I do not remember it at the moment, but it can be easily ascertained.

800. I find by the statistics given in Mr. Holley's book, and in the new edition of the Encyclopedia Britannica, that for a road to pay a reasonable interest the receipts must be considerably more than double the running expenses, that is between 50 and 60 per cent must be profit on account of interest. Do you agree in this ?

That is the usual way of stating it in round terms, but its truth entirely depends on whether the railways have been extravagantly managed in their construction. I may put in the following figures, based on New York Central returns, as a check on the value of my mode of calculation, where I take the actual train earnings as an element. The result is 9.91 cents per train mile for a third of a baggage car.

The following calculations have been made as to the value of the postal compartment on the New York Central, with a view to checking my mode of calculation in its application to a paying Railway.

The statistics relate to the operations of this Railway in 1861.

Miles run by passenger cars = 5,389,141 ÷ miles run by passenger train = 1,753,215 = 3.07, the average No. passenger cars in each train.

Miles run by baggage, mail, and express cars = 2,452,304 ÷ train mileage as above = 1.39 cars in each train. Therefore :—

Passenger cars.....	3.07
Baggage, mail and express cars.....	1.39

Average No. cars in each train = 4.46

No. passengers carried one mile 119,028,024 ÷ train mileage as above = 67.88 passengers in each train = 22½ passengers in each car.

Total earnings from passengers \$2,389,724.12 ÷ train mileage = \$1.3630 per train mile.

Total earnings from mails \$95,777.50 ÷ train mileage = cts. 5.462 per train mile.

Total earnings from miscellaneous = \$263,995 ÷ train mileage = cts. 15.057 per train mile.

The average weight of the passenger train is stated to have been 100 tons which includes the engine and tender. The latter is estimated at (including wood and water) about 43 tons.

The train may then be estimated as follows :

3.07 Passenger car	@ 32,333 =	99,262 lbs.
1.39 Baggage, express, &c.....	@ 25,000 =	34,750 "

134,012 lbs.

To which add weight of engine, tender, and load as
above, say.....

85,988 "

Total weight of train..... 220,000 lbs. = 110 tons.

Assuming the baggage of each passenger to have been 100 lbs., the total weight of baggage will have been 6,788 lbs., and the baggage and express car will have been divided between the service of carrying mails, from which the earnings were 5.462 cents per train mile, miscellaneous, from which the earnings were 15.462 cents per train mile, and passengers' baggage free, 6,788 lbs., and if one third of a car was devoted to the mail service (*i.e.* 8,333 lbs.) we have 26,417 lbs. weight of carrying stock applicable to the two last named services. Supposing the average charge for miscellaneous to have been 6 cts. per ton per mile, this part of the car would have carried passengers' baggage..... 6,788 lbs.

Miscellaneous..... 5,018 "

Total load of this part of the train..... 11,806 lbs.

And if it is devoted to passengers' baggage and "miscellaneous" in proportion to their weight, we find that 15,103 lbs. will be due to the former, and 11,314 lbs. to the latter.

Hence it follows that of the whole weight of the train, viz: 134,022 lbs., there was 99,262 lbs. of passenger cars, and 15,103 lbs. of baggage car run for exclusively passenger service = 114,365 lbs., from which the earnings were \$1.3630 per mile.

Then as 114,365 : \$1.3630 :: 8,333 lbs. : 9.93 cts. = \$62.16 per annum for a single service each way, supposing the mail matter to be rated at as high a rate as passengers. Whatever difference there may be between the value of the risk due to carrying all passengers, and the value of the risk due to carrying one passenger and the mail matter, should be deducted.

The value of the service may also be estimated by the following ratio :

lbs.	Passengers.	Passengers.
------	-------------	-------------

As 114,365 : 67.88 :: 8,333 : 4.94 the number of passengers due to the weight of the postal compartment.

And these at 2.007 cts. per mile, the average rate charged for passengers, come to 9.91 cts., the rate per train mile for the Post Office compartment.

801. You do not impute to the managers of the Canadian railways any want of effort to obtain as much business as possible under the circumstances, nor any error in the mode in which those efforts have been directed.

Certainly not.

802. So that you believe the amount of business obtained by them is as great as possible under the existing circumstances?

I have not a doubt of it.

803. You heard the chairman state that Captain Harness made a calculation of what the Post Office ought to pay for the carriage of mails based on the supposition of the railway being employed to its utmost possible extent, and then

making the Post Office pay its part of the interest on the capital expended, and that Captain Williams, who succeeded him, as Post Office arbitrator, made a similar calculation allowing a proportionate part of the said interest, but basing his calculation upon the actual business of the railway.—Do you think Captain Williams was right in so doing?

No, I think not, because by Captain Williams' method, he makes the Post Office Department responsible in some degree for the soundness of the Company's speculation. This may be illustrated by supposing a speculator to build 20 dwelling houses and finding tenants for only half of them, one of the tenants would not be expected to pay a rent equal to a tenth of the interest in the whole investment, but only on one twentieth, so with railways; the road may have a capacity for 20 trains *per diem* while business only offered for 10, it would not be expected that one of these trains would earn a dividend on a tenth of the whole cost.

804. You made a calculation similar to that of Captain Williams, with regard to the Grand Trunk Railway?

I did, and have put it in. It is the third calculation in respect of the Grand Trunk.

805. In that calculation, as well as in the first calculation, you excluded the interest on the Provincial advance, but included the cost of the Victoria Bridge, did you not?

It was my intention to do so, and I believe I did.

806. In which calculation was it that you proposed to deduct 25 per cent for constancy and other considerations?

On the second and third sets of calculations. The second being the one calculated on the actual earnings.

807. If, as Mr. Brydges says, the cost of running a train be 86 cents, and the earnings \$1.12, and you deduct 25 per cent for the constancy of service, what profit would you leave the Company?

If the earnings were \$1.12 per train mile, and the proportion paid for postal service were 10 cents per train mile, it would only affect the earnings of the train to the extent of $2\frac{1}{2}$ cents per train mile.

808. What office expenses, and expenses of the other kinds you have mentioned, would there be on 10 tons of through freight which would not fall on mail matter?

This class of expenses would, in respect of through freight offering in quantities sufficient to employ the station service at either termini, be at a minimum; but there are certain charges connected with way stations such as wooding, water, keeping up switches, sidings, &c., in which through freight must in some degree participate.

809. Would not this minimum of expenses be more than balanced in the case of trains carrying mails, by the expense of warming, lighting, and fitting up the mail cars and the more frequent stopping of the trains?—and are not the mail trains chargeable with their share of charges connected with wooding, watering, and switching?

Yes, I think the mails are properly chargeable with a fair share of all expenses, except those which I have specially enumerated. As comparing mails with through freight, the warming of the mail car, &c., would be quite equal to the booking charges referred to.

810. What did you make the proportion between the dead weight and the paying weight in passenger trains?

On the Great Western road the dead weight of the passenger trains appears to have been 195,425 lbs.—the paying weight I estimated at 21,349 lbs. These weights are exclusive of the engine and tender, but I allowed only 50 lbs. of baggage to each passenger—I understand they are now allowed 100 lbs. On the Grand Trunk I found the dead weight of the train 115,000 lbs., but I have not an estimate of the paying load.

811. What was the proportion between the same weights in the freight trains?

The dead weight of freight trains on the Great Western appears to have been 317,189 lbs., exclusive of engine and tender, the paying weight 165,722 lbs.

812. Do you consider a mixed train as a superior and more expensive train than a mere freight train?

If they are worked at the same speed, there can be no difference except in regard to the superior costliness of the passenger cars running in the train, and the use of passenger station accommodation at the stations. My impression is that freight is carried cheaper by regular freight trains, worked per time-table, than when carried by wild trains worked by telegraph.

813. With respect to allowance for speed, the common opinion is, I believe, among engineers, that it ought to be higher on a rough road than on a smooth one, and that, as far as such roughness is concerned, the allowance should be nearly in proportion to the square of the speed.—Is that your opinion?

As an engineer, and having given some attention to this point, I am unwilling to commit myself to any principle as having application to all railways. That which might be an adequate allowance for increased speed on one railway might be altogether insufficient on another having different characteristics. Goodness of permanent way, grades and curves affect this question in a very high degree, I think it may happen that on some roads the cost of moving matter would increase as the square of the speed at which it is moved. Of course curves, heavy grades and rough tracks all tend to increase the ratio.

BY MR. BRYDGES :—

814. Are you aware that the umpires in English Railway cases have almost invariably given higher awards than the amount suggested by the advocates or arbitrators of the Post Office?

I have been so informed, but it is so long since I read the blue-book, that I cannot speak positively from memory of those documents.

815. Then the presumption is that desinterested umpires have not concurred in the correctness of the views put forth by the advocates of the Post Office?

I suppose so.

BY MR. WICKSTEED :—

816. Which of your three modes of calculation in respect of the Grand Trunk Railway was adopted in the Postmaster General's report of 1863, and the Order in Council under it?

I am not aware that he adopted any of them.

A. BRUNEL.

Mr. BRYDGES re-examined.

BY THE CHAIRMAN :—

817. Would you be so good as to produce the original contract between the Grand Trunk Company and the British and American Express Company.

The paper produced is such contract :—

MEMORANDUM of agreement entered into between Walter Shanly, on the part of the Grand Trunk Railway Company of Canada, and B. P. Cheney and E. H. Virgil on the part of the British and American Express Company, for the privilege of conducting the express business over the whole of the lines of the Grand Trunk Railway Company at present opened, from the 1st of May 1858, to the 1st of May 1861.

" Should any additional miles of railway be opened during the term of the present agreement, the same Rates and Mileage Ratio to be paid as herein-after provided for with the exception of any extension of the St. Thomas line.

" The Express Company to have the use of one accommodation train stopping at all stations, each way daily, (Sunday excepted) and to be allowed to send two officers by each train, to attend to the Express business.

" The Express Company to be allowed an apartment in the Baggage or Post-Office car, not exceeding twelve feet in length, by the height and width of the car, and to be allowed to carry goods therein, not exceeding 5000lbs in weight, but in case of emergency the railway company will carry goods not exceeding a further 5000 lbs. in weight (provided there be room in the baggage car) *on being paid first class rates* for the same by the Express Company.

" A suitable room or sufficient accommodation in one of the company's offices to be provided for the use of the Express Company at each terminal station.

" The express company undertake to dismiss any of their servants misconducting themselves, while on the trains, or at the stations.

" The Grand Trunk Railway Company not to be responsible for any claims made upon the Express Company in consequence of accidents to trains or otherwise; the sole risk of the Express business resting with the Express Company.

" It is also expressly stipulated, that the express messengers, and other persons carried free by the company's trains, in accordance with this agreement, are carried at their own risk, and the Express Company guarantee the Grand Trunk Railway Company against all actions for damages for injuries sustained by those persons by accident or otherwise.

" No goods to be carried by the express company for less than the local first class rates, charged by the Grand Trunk Railway Company in each district, unless special arrangement be made to the contrary, with the consent of the General Manager of the Grand Trunk Railway Company.

" Fish not to be carried unless in boxes lined with zinc.

" The Express messenger to deliver to the agents of the Grand Trunk Railway Company at every station where goods are received by or handed to him for conveyance, a report of the number of packages, and weight of the same.

" The Agents of the Express Company are not to interfere in any way with Passengers' Baggage, or with articles carried by the Grand Trunk Railway as extra Baggage.

" In consideration of the above, the express Company agree to pay to the Grand Trunk Railway Company, by equal quarterly payments, the sum of ten dollars per annum for each and every mile of the Grand Trunk Railway, at present in operation, with the exception of the St. Thomas line, and any extension of that line, and also to pay first class rates according to the local merchandise tariffs issued by the Grand Trunk Railway Company for all goods, parcels, and packages of every description conveyed by the Grand Trunk Railway Company, for the Express Company.

" W. SHANLY,
" B. P. CHENEY,
" E. H. VIRGIL.

" Witness to Signatures:

" H. BAXLEY."

818. Be so good as to produce an account of the payments made by the British and American Express Company to the Grand Trunk Company?

The paper now produced is an account of such payment from the year 1855, to the close of last year :

GRAND TRUNK RAILWAY.

RETURN shewing the Receipts of the Grand Trunk Railway Proper, for Carriage of Parcels, &c., for Express Company, Ten Years ending 31st December, 1864.

Quarter ending		Weight.	Freight.	Toll.	Total for Quarter.	Total for Year.
		Tons	\$ cts.	\$ cts.	\$ cts.	\$ cts.
1855	March 31. . . . .	.....	1,074 20	679 00	1,753 20	
	June 30. . . . .	.....	1,293 06	679 00	1,972 06	
	September 30. . . . .	.....	1,079 94	679 00	1,758 94	
	December 31. . . . .	.....	1,544 81	782 09	2,326 90	7,811 10
1856	March 31. . . . .	.....	1,153 36	897 75	2,051 11	
	June 30. . . . .	.....	1,380 34	897 75	2,278 09	
	September 30. . . . .	.....	1,806 60	1,023 10	2,829 70	
	December 31. . . . .	.....	3,878 99	1,354 35	5,233 34	12,392 24
1857	March 31. . . . .	.....	3,239 11	1,415 75	4,654 86	
	June 30. . . . .	.....	4,080 75	1,415 75	5,496 50	
	September 30. . . . .	.....	4,334 52	1,415 75	5,750 27	
	December 31.	569	4,448 44	1,415 75	5,864 19	21,765 82
1858	March 31.	329½	2,937 57	1,415 75	4,353 32	
	June 30.	446	3,648 48	1,821 91	5,470 39	
	September 30.	328	2,650 12	2,029 00	4,679 12	
	December 31.	451¾	3,957 55	2,102 50	6,060 05	20,562 88
1859	March 31.	313½	2,959 52	2,102 50	5,062 02	
	June 30.	413¾	3,025 77	2,102 50	5,128 27	
	September 30.	413	2,889 47	2,102 50	4,991 97	
	December 31.	541	4,201 35	2,250 16	6,451 51	21,633 77
1860	March 31.	419¾	4,038 07	2,426 14	6,464 21	
	June 30.	438	3 505 64	2,427 50	5,933 14	
	September 30.	511¼	4,251 80	2,427 50	6,679 30	
	December 31.	606¾	6,093 09	2,427 50	8,520 59	27,597 24
1861	March 31.	485¾	4,341 92	2,427 50	6,769 42	
	June 30.	481½	5,422 23	1,985 50	7,407 73	
	September 30.	495	4,307 81	2,791 62	7,099 43	
	December 31.	585	5,269 80	2,791 62	8,061 42	2,9338 00
1862	March 31.	565	5,054 51	2,791 62	7,846 13	
	June 30.	693	5,739 86	3,034 37	8,774 23	
	September 30.	655¾	5,347 08	3,155 75	8,502 83	
	December 31.	755	6,882 50	3,155 75	10,038 25	35,161 44
1863	March 31.	639½	5,834 68	3,155 75	8,990 43	
	June 30.	730	6,127 61	3,398 50	9,526 11	
	September 30.	734¼	5,956 46	3,519 88	9,476 34	
	December 31.	895¾	7,876 79	3,519 88	11,396 67	39,389 55
1864	March 31.	684¾	6,796 57	3,519 88	10,316 45	
	June 30.	899¾	7,862 19	3,519 88	11,382 07	
	September 30.	689¼	5,515 82	3,884 00	9,399 82	
	December 31.	890¼	7,638 17	3,884 00	11,522 17	42,620 51
Total for ten years			169,446 55	88,826 00	258,272 55	258,272 55

819. Be so good as to produce the contract between the Buffalo and Lake Huron Railroad and the American Express Company?

The paper now produced in such contract :

THIS AGREEMENT made this 24th day of February 1860, between the Buffalo and Lake Huron Railway Company, of the first part, by Abraham Fell its general agent, and the American Express Company by William G. Fargo, its secretary, of the second part, witnesseth.

“ 1. The said Buffalo and Lake Huron Railway Company, party of the first part, agrees in consideration of the agreement and covenants of the American Express Company hereinafter contained, and in consideration of the sum of fifteen dollars per day to be paid as hereafter provided, to convey in such trains as shall be designed by the said American Express Company, one messenger per day each way through the entire length of their road, said messenger to be entitled to carry his safe, packing case, or parcel box, and five hundred pounds of parcels without extra or further charge.

“ 2. The said American Express Company in consideration of the said privileges granted them by the first article of this agreement, agree to pay the said the Buffalo and Lake Huron Railway Company therefor the sum of fifteen dollars per day, and keep an accurate account of the weight of all parcels carried by it over the line of said Railway, and cause a just and true statement thereof to be made and delivered to the said Railway Company on or before the tenth day of each month for the preceding month ; and if it shall be found that the total weight of the parcels carried shall exceed one thousand pounds per day, then the said Express Company shall pay to the said Railroad Company, *one and one half first class rates* for any excess over that weight.

“ 3. The Buffalo and Lake Huron Railway Company hereby reserves to itself the rights and privileges of running and conducting a local parcel business between all stations on their line of Railway by trains upon which the messenger of the said Express Company does not travel, provided they charge no less prices for such service between points where the said American Express Company have agents than is charged for like service by said Express Company.

“ 4. At stations where the said American Express Company have no agents the said Railway Company reserves the right to do and transact a parcel business at such rates of compensation as they may deem expedient, but nothing herein contained shall be construed to restrain the Express Company from establishing any new Agencies upon the line of said Railway, they may deem proper at any time.

“ 5. This agreement shall continue in force and be binding upon the parties hereto for the period of one year from the date hereof, and after that period may be cancelled by either party on giving one month's notice in writing.

“ IN WITNESS whereof, the said the Buffalo and Lake Huron Railway Company have caused these presents to be executed in their behalf in duplicate, by Abraham Fell, its general agent, and the said American Express Company, have caused these presents, in like manner to be executed by William G. Fargo, its secretary, the day and year above written.

“ The Buffalo and Lake Huron Railway Company, by

“ (Signed) A. FELL, General Agent.

“ The American Express Company, by

“ (Signed) W. G. FARGO, Secretary.

“ Witness :

“ (Signed) T. H. COOPER.”

820. That contract was only for one year ;—are you acting on that now ?

Yes, we are still acting under that contract, but we are negotiating now with that Company and the British and American for a new contract over the entire amalgamated line.

821. Can you produce the contract between the Grand Trunk Company and the National Express Company on the Montreal and Champlain Road ?

I have not the original, but the paper now produced is a copy of that contract :

“ MEMORANDUM of a contract entered into between the Grand Trunk Railway Company of Canada and the National Express Company of New York, to wit :

“ 1st. The National Express Company are to have the exclusive privilege of doing their express business between Montreal and New York on the passenger trains of the Montreal and Champlain Railroad Company, run under the management of the Grand Trunk Company, for a period of two years commencing on the 1st day of May 1864, subject to certain conditions hereinafter expressed :

“ 2nd. The Grand Trunk Railroad Company are to haul the Express Company's cars in one passenger train between Montreal and Rouse's Point each day, Sunday's excepted.

“ 3rd. The National Express Company are to have the right of sending one messenger each way between Montreal and Rouse's Point in charge of their Express matter, free of charge.

“ 4th. The Grand Trunk Railway Company are to furnish freight accommodation in their depot for the exclusive use of the Express Company's Freight.

“ 5th. In consideration of the above the National Express Company are to pay to the Grand Trunk Railroad Company the sum of \$30 per day, payable monthly in Canada currency, it being understood that this contract is to remain in force for the time herein stated, subject however to the understanding, that should the National Express Company fail in bringing about certain arrangements wherein a consolidation of their interests with that of the British and American Express Company of Canada are effected, then the Grand Trunk Railway Company have the right to annul this contract by giving the National Express Company thirty day's notice to that effect.

“ (Signed) E. H. VIRGIL,

“ Supt. National Express Company.

“ (Signed) EDWARD P. BEACH,

“ General Agent G. T. R.”

822. I observe that, according to the contract, the quantity of matter to be hauled by the Grand Trunk Company is unlimited.—Is the contract so understood and acted on in practice ?

The intention and meaning of the contract is to take one car, each way, daily, for the Express Company, and that is the limit of what is being actually done daily.

823. The Express business between Montreal and New-York and Boston is large ; is it not ?

Yes, it amounts actually to about one third of a car-load a day each way.

C. J. BRYDGES.

FREDERICK W. CUMBERLAND, Esq., sworn and examined.

By THE CHAIRMAN :—

824. Can you produce the contract between the Northern Railway Company and the Northern Express Company?

I am not aware of any contract existing between the Railway Company and the Express, other than a letter of the late Secretary of the Company, recognising any change in the existing rates as subject to a year's notice.

825. Does not the letter express the service to be performed for the Express Company and the rate to be paid for it?

I think it only expresses the rate of 30 cents per 100 lbs., but does not indicate the work to be done other than as the carriage of the express matter at that rate. I will forward to the Commissioners a copy of the letter and of my correspondence arising out of it, and also a copy of the payments made by the Express Company to the Railroad Company during the contract.

826. How long has that contract been in existence on the Northern road?

From its opening, I think, in 1855.

827. Is any payment made by the Express Company, beyond the 30 cents per 100 lbs. paid for the whole distance between Toronto and Collingwood?

The 30 cents per 100 lbs. are paid on all freight, without reference to the distance, and in addition 10 per cent upon the Express Company's charges to their customers, and \$100 per annum if an express conductor be carried.

828. Are not some of the baggage cars on your road divided as on other roads into three compartments, one for the Post Office, one for the baggage, and one for the Express matter, and has not the Express Company the right to the use of its compartment as well as the Post Office has to its?

All the cars to be used for mail service almost necessarily have the mail compartment placed in the centre of their length, we do not concede to the Express Company, nor does it claim any exclusive use of any part of our trains, the compartment usually occupied by Express is used in common by the Company, the passengers' baggage being exclusively placed in the third compartment.

829. How many passenger trains do you now run on the Northern road?

One each way per day, which I retained, as leaving Toronto in the morning and returning at night, with special reference to the mail service; the interests of the Company, exclusive of that service, would clearly dictate the fast passenger train into Toronto in the morning, and out at night.

830. You have in addition a mixed train both ways?

We have a mixed train through the road to and from Collingwood and back, and one fast mixed train from Barry and back daily.

831. Has the Express Company a right to carry by all those trains?

I don't think it has, but we should concede it; I think the service is limited in practice to the through express train and the mixed train to Barry and back.

832. Their contract has prevailed during the management of Mr. Brunel, Mr. Grant and yourself, up the present time?

It prevailed until I put an end to it by a year's notice, which expired I think on the 17th of this month.

BY MR. GRIFFIN :—

833. On page 3 of your statement you say, as serving to illustrate the helpless condition occupied by Railway Companies under the arbitrary powers exercised in regard to payment by the Post Office Department, that the Post Office in effect for four years persisted in paying only one cent per single train mile for through bags, instead of two cents, notwithstanding the repeated protests of the Company.—Were not your accounts for that period presented by your Company and paid as made out by them?

I believe so, at any rate within my period of office ; but I am aware that the secretary on receiving those periodical payments, and at other times, drew the attention of the Inspector to what appeared to us to be a palpable error, but the Inspector, as I am informed, refused to admit it.

834. The Inspector you allude to, Mr. Dewe, states that the assertion that the Department withheld proper payment for the conveyance of the through bags from October 1859, to December 1863, notwithstanding the repeated protests of the Company, is not true ; the accounts sent in by the Company, every quarter from April 1860 to December 1863, claimed only 2 cents per double mile travelled, and it was purely an oversight on the part of the Company, as well as of the Post Office, that the mistake in not claiming 2 cents per single mile went on so long without being noticed. No protest was ever made to me on the subject, or, to my knowledge, to any one in the Department, the error was I believe first pointed out to me by yourself, and soon after the arrears were all paid.—Supposing that description of the matter to be correct, do you think that that constitutes a case of ill treatment on the part of the Post Office towards your Railway?

I do not admit the correctness of your statement, which is entirely contrary to the information upon the subject given to me by our accountant. At any rate you conveniently adopted the continuous error in your own favor, nor was it corrected until after I had addressed to the Postmaster General language almost precisely similar to that which you have now quoted. As to ill-treatment so far as payments are regarded, I consider my Company as being grievously ill-treated by your Department since its first operation.

BY THE CHAIRMAN :—

835. Have the Port Hope, Lindsay and Beaverton Company any claim against the Government in respect to past service?

Consequent probably on frequent changes of management they have passively yielded to what they have always regarded as an injustice. There has been no protest on their part.

836. The trains run by that company are, I believe, exclusively mixed?
They are so.

837. Is the postal matter between Port Hope and Peterborough carried by the same train that carries the postal matter between Peterborough and Lindsay?

No, they are carried by separate trains in separate interest ; the Peterborough traffic being worked under a lease giving running powers over the main line as between Port Hope and the Junction at Mill-Brook. There is one complete service between Port Hope and Peterborough, and another between Port Hope and Lindsay.

FRED. CUMBERLAND.

(The following letter and enclosures were forwarded by Mr. Cumberland to the Commissioners after the closing of his evidence.)

Northern Railway of Canada,

Toronto, 24th March, 1865.

Sir,

Adverting to the unwillingness of the Deputy Postmaster General to admit that this Company had "formally protested" against the rates heretofore paid for mail service, and to the necessity thus arising for establishing the same by evidence, I have taken measures for obtaining, by affidavit, the testimony of the Honorable Mr. Justice Morrison, now holding the Assizes at Kingston, and who was President of this Company from the 14th December, 1852, until the 25th June, 1862.

In that capacity, and over the whole of that period, as I am informed, the negotiations and relations of this Company with the Government were chiefly entrusted to and managed by its President. Mr. Morrison is therefore entirely qualified to testify with accuracy and authority upon the question referred to, and his affidavit which I have not yet seen, but which will be forwarded to you from Kingston, will be conclusive so far as we are concerned.

Referring to my evidence in relation to the "Northern Express" worked over this line, I regret that there being no formal contract in relation to it, and the terms of the arrangement having been embodied in a letter from the late secretary, and which letter, or a copy of it, has not been in my possession, I inadvertently misstated the basis of the payments.

I have obtained from the Express Company, and now transmit a copy of that letter, and you will see that on through express the rate is 30 cents per 100 lbs., and on all "way" express, 20 cents per 100 lbs.

I append the correspondence by which this letter and the terms of the express business were first brought to my knowledge, and you will observe that I lost no time in taking the necessary steps for annulling an arrangement made many years previously, by giving (on the 15th April, 1864,) the necessary year's notice for determining it: and that notice will expire in three weeks.

In accordance with your request, I herewith transmit a return of the express account for the years 1857 to 1864, both inclusive, observing that although the Express Company does not not receive or claim any exclusive right to any portion of our trains, yet that the average of the eight years has amounted to \$2,132.15 per annum, on a system which had its initiation in the infancy of the line and of the express business, and which was annulled by notice last year, as being entirely inapplicable to the present condition of the business.

I have the honor to be,

Sir,

Your most obedient servant,

FRED. CUMBERLAND,

Managing Director.

The Honorable

WM. HUME BLAKE,

Chairman Postal Commission,

Quebec.

(Enclosure No. 1.)

NORTHERN RAILWAY OF CANADA.

COPIES OF CORRESPONDENCE RELATING TO THE NORTHERN EXPRESS.

No. 1. Managing Director's Office,
Northern Railway of Canada,
Toronto, 8th April, 1864.

My dear Sir,

I find it my duty to revise the Northern Express arrangement ; for whilst I have no desire to put on an excessive proportionate charge to the Company, the present payment is inadequate, and the regulations so loose, as unfairly to prejudice our carriage of freight.

I shall be glad to consult you on the subject.

I am,

Faithfully yours,

(Signed,) FRED. CUMBERLAND.

J. J. VICKERS, Esquire,
Northern Express.

In reply, Mr. Vickers personally produced the original of the following letter :

No. 2. Northern Railway of Canada,
Toronto, 10th May, 1860.

J. J. VICKERS, Esquire,
Northern Express.

Dear Sir,

I am instructed to notify you that the arrangement for carrying, by express, freight on this road, is continued, as follows : on all freight through to Collingwood, first class rates of thirty cents per hundred pounds, and on all way freight, an average of twenty cents per hundred pounds, additional hereto, the former charge of twenty-five dollars per month, for fares of two messengers, one on each of the daily trains is continued. This arrangement it is understood gives you the exclusive right of the road for express purposes, and is to be binding on both parties until disposed of by a year's notice by either.

(Signed,) GEORGE BEATTY.

No. 3. Managing Director's Office,
Northern Railway of Canada,
Toronto 15th April, 1864.

My Dear Sir,

I was not aware that any arrangement had been entered into with you by the Company of the nature expressed by the Secretary's letter of the 10th May, 1860 : but as you have appealed to it in reply to my invitation to reconsider and revise the terms upon which the express business is now done, I find it my duty to act upon the said letter and to notify you that on the expiration of one year from this date the existing arrangement will cease.

The Company will then be entirely free to make such arrangement with you, or others, as may be commensurate with the value of its portion of the Express service.

I am,
Faithfully yours,
(Signed,) FRED. CUMBERLAND.
John J. Vickers, Esq.,
Northern Express, Toronto.

No. 4. Vicker's North-Western Express,
Head Office,
Toronto, C. W. March 23rd, 1865.

Dear Sir,
Enclosed find copy of letter from Mr. Beatty of 10th May, 1860, stating the terms upon which the Northern Express has been carried over your road since 1857, to present date.
The return for each year, since 1857 to 1864, both inclusive, I have signed and enclosed.

I am, Sir,
Very truly,
(Signed,) JOHN J. VICKERS.
Fred. Cumberland, Esq.,
Manager N. R. R., Toronto.

(Enclosure No. 2.)

VICKERS' NORTHERN EXPRESS,
With

THE NORTHERN RAILWAY OF CANADA.

RETURN of amounts charged for Express matter carried by Northern Railway of Canada, from 1857 to 1864, both inclusive, together with Commissions paid for Station Services.

Date.		* Amounts charged by Freights.	Commissions for Station Service.	Total Amount.
		\$ cts.	\$ cts.	\$ cts.
1857	To Express Freights, &c., 12 Months.	1834 78	614 00	2448 78
1858	Do. Do.	1276 35	584 00	1860 35
1859	Do. Do.	1209 68	568 00	1777 68
1860	Do. Do.	1493 54	587 00	2080 54
1861	Do. Do.	1664 63	602 00	2266 63
1862	Do. Do.	1511 29	586 00	2097 29
1863	Do. Do.	1708 92	610 00	2318 92
1864	Do. Do.	1608 99	598 00	2206 99
	Total for Eight years.....			\$17,057 18
	Average per Annum.....			\$2,132 15

* The sums under this column include charges collected for Express Messengers (when carried), at the rate of \$25.00 per month each.

JOHN C. VICKERS,
Manager "Northern Express."
FRED. CUMBERLAND,
Managing Director N. R. C.
Toronto, 23rd March, 1865.

(The following is the affidavit forwarded by Mr. Moberly, as mentioned in the minutes of the 25th March, and referred to in Mr. Cumberland's letter above of the 24th March.)

COUNTY OF FRONTENAC. } I JOSEPH CURRAN MORRISON one of the
TO WIT : } Judges of the Court of Queen's Bench for Upper
Canada maketh oath and saith :

That I was President of the Northern Railway from the fourteenth of December 1852 to the twenty-fifth of June 1862—That upon the opening of the Company's line of Railway the charge made against the Government for postal service was at the rate of one hundred and ten dollars per mile that being the amount which was understood as the rate allowed for that service and was so entered as I believe in the books of the Company that upon the Post Office Department declining to pay after that rate—I as President remonstrated and protested with and to the officers of the Post Office Department against being paid at a less rate—and that I frequently at intervals during several years repeated such remonstrances—That I instructed the Treasurer of the Company to receive any amount paid by the Government as only on account, and so to enter the same in the books of the Company—and to charge the Government at the rate of one hundred and ten dollars per mile—that I cannot say whether any of my protests or remonstrances were made in writing to the Government or the Post Office Department without making search at Toronto I being at the time of making this affidavit in circuit—

JOS. C. MORRISON.

Sworn before me at the City of Kingston,
this 23rd March 1865.

HENRY SMITH,
A Commissioner, B. R., County of Frontenac.

Mr. Griffin's examination, resumed.

BY THE CHAIRMAN :—

838. At what rate has the Northern railway been paid for its services by the Post Office since the Order in Council of September, 1858?

From the 1st of January, 1859, at the rates prescribed by that Order. There was a settlement of all claims up to January, 1859.

839. Has there been any protest, formal or otherwise, by the Northern Railway since January, 1859, as to the insufficiency of the payments made to them?

Not, I think, until the general question of the postal railway rate was taken up by the late Postmaster General. Their accounts were furnished quarterly at the rate of \$30 per mile, and paid quarterly.

BY MR. CUMBERLAND :—

840. Are you not aware that one of the grounds of the appeal for relief made by the Northern Company to the Government and Legislature in 1859, was the inadequacy of the postal payments, and that in the Annual Reports since that date, the insufficiency of the mail payment has been adverted to and protested against?

It may very well have been so, but I don't think I ever read either the appeal you speak of or one of your annual reports.

841. Was my Company ever officially consulted by your Department, as to the rate in its opinion due for the mail service, in any way whatever until Mr. Mowat recently invited our opinion?

Yes, it was a subject of frequent official discussion with the representatives of your Company.

842. Name them please?

I think the Hon. Mr. Morrison certainly.

843. Did he ever sanction the rate of \$30, per mile per annum?

I really cannot say.

844. Is not steamboat service cheaper than rail service for the carriage of mails?—and, if so, do you think it equitable to allow all mail steamers connecting with the Northern railway a higher rate on their mileage than you accord to that company.

The price paid to steamboats depends I may say altogether upon the presence or absence of competition, and under those conditions the steamboats get as much as they can.

845. But the railway service being obligatory I suppose you pay them what you like?

The statute certainly protects the Post Office to some extent from the exercise of a similar monopoly of transport on the part of the railway.

W. H. GRIFFIN.

QUEBEC:
PRINTED BY GEORGE E. DESBARATS.

—
1865.
